

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

October 3, 1958

62nd Year, No. 40

Good Information Is Essential To Underwriting—But Before The Loss

By KENNETH O. FORCE

During the past two or three years, when loss ratios on practically all classes of business were rising unmercifully, insurers have come up against the hard fact that they had to underwrite if they were going to help themselves out of their difficulties. One by one, the insurers have, many of them, undertaken the disagreeable task of examining almost every piece of business on their books and checking back on the results of almost every agency that represents them.

Fortunately, the majority of agencies have stood up under this kind of scrutiny. Some of them, however, have not, and these have had to go or be drastically curtailed by the companies.

Only Sound, Favorable Base

But the interesting thing about the stories that have come out as a result of this thorough re-examination of underwriting is that the core of underwriting is information. Bad underwriting consistently is the result of poor

information, or no information at all. Good, sound information, properly acquired and judged by underwriters with experience enough to have judgment, provides the only sound, favorable base on which to commit the company's future.

The experience of quite recent years has indicated that not a few companies have fallen into the bad habit of underwriting by rote, simply following the book, not test checking information to see if it is good, in fact, not asking for much information at all.

40% Of Portfolio Is NG

For example, one company took over a portfolio of business from another, involving a fairly large agency. It was in the agreement that the assuming company could reject what part of the business it found not to its liking. It rejected 40% after examining each piece of business—poor neighborhood, underinsurance, hazardous structure, etc.

The agent who had put this business on the books was appalled that so

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Pacific Fire Bureau Trims EC, Broad And Special Forms

Pacific Fire Rating Bureau has revamped extended coverage and the broad and special dwelling forms in an effort to "convert operating losses of recent years into a reasonable underwriting profit." The changes involve several noteworthy points.

There is now a \$50 windstorm and hail deductible, with provision for removing it at a substantial increase in rates. This applies to dwelling and farm properties. Similarly, certain types of property are now excluded as to wind and hail, with coverage on them available on a "buy back" basis. The list includes outside radio and television antennas, cloth awnings, signs and metal smokestacks.

The vehicle and aircraft damage features of EC now require actual physical contact of the vehicle or plane (or object falling from it) with the building insured or containing the insured property. The Pacific bureau states and perhaps one or two others were the last remaining where the actual physical contact requirement was not in force. Without it, companies were sometimes hit for glass

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\$7.5 Million Loss To Insurers From Hurricane Helene

Catastrophe No. 97, In Hit And Run Action, Causes 25,552 Losses

Hurricane Helene, which hit the Carolina coastal area and then veered out to sea, produced 25,552 losses for a total cost to insurers of \$7,516,250, according to estimates of General Adjustment Bureau. National Board assigned catastrophe No. 97 to the storm. The storm ended by hitting Newfoundland hard.

Underwriters were relieved at the comparatively small total liability which it is apparent they will incur as a result of the storm in North Carolina. The eye of the hurricane remained some miles from the coast. If the storm had gone inland and northward it might have rivaled the big storms of 1950, 1954 and 1955 in damage, since it was a fierce edition of these tropical monsters. Also, it arrived behind schedule, at low tide instead of high, and the amount of tidal damage was much less than it might have been.

Wilmington Hardest Hit

Wilmington and the surrounding five counties were hardest hit, with an estimated 20,000 losses at \$325 apiece for a total insured cost of \$6.5 million. Morehead City had two big losses for \$200,000, and the total number of losses there and at New Bern is figured at 7,500 at \$175 apiece for a total of \$612,500. Myrtle Beach and surrounding areas were hit for about 1,250 losses at \$125 apiece for \$156,250. There were 300 losses at \$75 apiece at Cape Hatteras, for \$22,500, and 500 in Goldsboro-Greenville area at \$50 for \$25,000.

General Adjustment Bureau promptly sent approximately 175 extra adjusters into the affected areas with most of them assigned to the temporary office at Wilmington. It also set up a temporary office at Morehead City. Donald B. Sherwood and B. P. L. Carden of National Board went to North Carolina immediately after the storm to survey the damage.

Extra Adjusters Sent In

Robert L. Lusk of Mutual Loss Research Bureau, Chicago, flew to Wilmington. The mutuals established a temporary office in Wilmington, and more than 40 extra adjusters moved into the beach and Wilmington areas. Most of the extras came from western North Carolina. According to Richard R. Juby, executive secretary of Carolinas Mutual Insurance Agents Assn., Raleigh, the special catastrophe loss committee set up after the 1954 hurricane, started to work immediately after the storm. A check by Mr. Juby indicated that Carolina and Kure beaches and the area around Fort Fisher at Wilmington seem to be hardest hit. Southport and Shallotte, below Wilmington, also suffered widespread damage.

Hotels Offered New Disaster Coverage

American Hotel Assn. has offered its members disaster insurance, covering buildings and contents against flood and other forms of water damage, as well as regular extended coverage perils. The latter are included so that any losses resulting from a combination of water and wind damage, particularly along coastal areas, may be adjusted by the same company, thus avoiding the difficulty of differentiating between water and wind loss. The coverage will be written under a master policy through Rogers, Bacon Co., Washington, D. C.

Protection Features Unique

In a bulletin to members, the association stated that no one, including the federal government, has marketed this type of protection. Members will be the only group with such comprehensive coverage in a single policy. The cover is to be written at \$1.50 per \$1,000—based on 100% of the insurable value of the building and contents. It carries a deductible of 1% of the total insurable value, with a minimum of \$1,000 and a maximum of \$25,000. Limit for any one loss to all participating hotels is \$2.5 million. Examples of one loss would be in connection with a single flood occurring in any one of five specified watersheds, or windstorms occurring in contiguous states in a 48 hour period. Damage payments resulting from a specific hurricane would be limited to \$2.5 million, regardless of the number of hotels involved. Total losses for all participating hotels is \$2.5 million. Excess limited to \$5 million in any one policy year.

The plan will become effective if hotels in at least 20 different states,



Gov. O'Neill of Ohio, seated, signs a proclamation declaring the week of Oct. 13-18 "Accident and Sickness Protection Week" in the state, in recognition of the insurance industry. Herman C. Harrison, second from left, of the Harrison & Lawrence agency, Cincinnati, and president of Ohio Assn. of A&H Underwriters, was instrumental in obtaining the proclamation. With him is Mrs. Harrison and at his left are C. S. Curtis, Guardian Life, Columbus, secretary of the Ohio association, and Paul A. Wagner, Business Men's Assurance, Columbus, president Columbus Assn. of A&H Underwriters. Local associations in the state are planning to observe the week with public relations activities.

with a total insurable value of at least \$250 million, sign contracts for disaster coverage. The deductible and policy limit amounts are based on this minimum participation. If more hotels sign up, the deductible may be reduced and the coverage increased.

Among other forms of water damage specified in the policy are bursting of water mains, pipes and tanks; overflow of tanks; backing up of sewers.

N.J. Rating Bureau Elects

Fire Insurance Rating Organization of New Jersey elected Walter L. Falk, assistant U. S. manager of Royal-Globe, chairman, and Walter W. Allen, vice-president of Home, vice-chairman of the governing committee.

New members of the committee are Aetna Casualty, Fireman's Fund, Firemen's of Newark, and National Union.

Braddock Outlines Indications Showing Excess Tables Inadequate

The belief that there is not enough money in the present automobile liability rates to take care of the interests of both the insurer and the reinsurer was expressed by Robert L. Braddock, executive vice-president of General Re, in a recent study of this subject.



Robert L. Braddock

Whenever primary companies turn up evidence in their own portfolio or suspect that there might be an inadequacy in the tables, the first person with whom they discuss the problem is the next professional reinsurer who happens to come into their office, Mr. Braddock notes. This is, of course, a quite logical thing for them to do, since both the reinsurer and the insurer are attempting to operate both their organizations on this level of premium, the primary insurer partially and the reinsurer entirely. That fact being true, there is no element of the business more in-

terested in seeing that the tables are maintained at an adequate level than is the professional reinsurer, Mr. Braddock said.

One Increase In 11 Years

Yet the reinsurer has no reliable statistics and no power which bears directly on the subject. It is true that reinsurance terms may be severe enough to force the primary companies to take action in connection with the tables. This is essentially what happened in the period from about 1947 until February, 1952, when the tables were increased the last time. Severe losses at the reinsurance level, spread pretty much across the entire primary business, forced reinsurance rates upward until, after analysis, most of the industry found itself in a position where the costs of reinsurance exceeded the net dollars it had left after accidents, in the area being reinsured.

When this situation became sufficiently apparent, a concerted effort to gather statistics was undertaken. Professional reinsurance companies contributed to National Bureau of Casualty Underwriters and other rating bod-

ies such information as was in their possession, and the fundamental job was done by statistical runs on excess limits premiums and losses produced by primary writers. It was through the efforts of the primary writing companies, based on the evidence they had themselves compiled, that the tables were increased.

Two Basic Rating Plans

Excess of loss treaties on casualty business are generally written under two basic rating plans, Mr. Braddock observes. The reinsurer may assume liability in excess of a predetermined retention and for the assumption accept the table excess premiums written by the company above that level and pay in return a ceding commission.

The other method, and the one which some companies prefer, Mr. Braddock commented, involves the application of a predetermined flat rate against total net gross writings of the company. For a medium to small company, which, by the limits of its treaties, cannot be considered to be self-supporting and creditable on its

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North America Has Monthly Budget Plan

North America has adopted a monthly premium payment plan called "INAmatic." Agents reported at the company's Disneyland conference last January that two prime needs were reduction of paper work and red tape to permit more selling, and a monthly payment plan which will permit consolidation of all types of protection. INAmatic was developed to meet both these requirements.

The plan is a continuous open account with even monthly payments, designed to run indefinitely rather than just for the term of the policy or policies. Once established, its payments are lower than any other monthly pay plan. The plan can be started with one policy or several. Others can be added at any time without regard for concurrency of inception or expiration dates. Renewal solicitation is almost automatic, and no recurring large down payments are needed. Interest is charged only on the unpaid balance—5½% in all states except Missouri and Nevada where it is 6%. Interest cost on a one-year \$100 premium, would be 17.7 cents a month.

Eligible for the plan are personal, habitational and institutional properties or interests. The plan can be applied only to flat or fixed premiums. It cannot be used with policies subject to audit or premium adjustment. North America service offices held meetings for agents during September to describe the plan.

Wis. Mutual Companies To Meet

Wisconsin Federation Mutual Insurance Companies will hold its annual convention at Hotel Schroeder, Milwaukee, Nov. 12-13, with Theodore R. Schmidt, Kewaskum Mutual, as convention chairman. About 500 mu-

tual company executives, field men and agents with their wives are expected to register. Wisconsin Assn. of Mutual Insurance agents and Wisconsin 1752 Club will participate in panel discussions. The new homeowners policy will be explained by William H. Rodda, secretary-treasurer of Transportation Insurance Rating Bureau, at one of the general sessions.

Asks For Hearing On WC Increase In N.Y.

New York Compensation Insurance Rating Board has asked for a hearing by the insurance department on its application for rate increases. No date has been set, but it will probably not be until the appellate division of the state supreme court acts on a suit by the board against the department.

The suit followed an order by the department that in revising its rates for 1958-59 (and presumably thereafter), the board had to exclude the figures of the State Fund. To this the board and the fund, which is a member of the board, objected, and the matter went to court. In the meantime the board sought to get increased rates, but was turned down by the department twice. It is on the second request that the board has asked for a departmental hearing.

N.J. M&C BI Rates Up

National Bureau has revised manual rates for M&C liability in New Jersey. The revisions resulted in average statewide BI increases of 13.7%, and reflect payroll limitation rule changes.

PDL rates were adjusted to reflect only payroll limitation rule changes and result in no change in present rate level. The payroll rule revisions are the same as those adopted by the National Council on Compensation Insurance and local state rating bureaus.

OK Homeowners Merit Plan In Mass.

Massachusetts has approved North America's filing for a merit rating plan for homeowners business. All homeowners and tenants policies written by North America in the state which expire on Dec. 1 or later may be renewed at a 10% reduction if insured has incurred no losses on the expiring policy during the first 33 months of coverage.

The plan does not apply to a valuable personal articles endorsement attached to such policies. This is the first merit rating plan on this type of business.

Henneberger Named Head Of Ky. Mutual Agents Assn.

Kentucky Mutual Insurance Agents Assn. at its three-day annual meeting in Louisville elected Henry Henneberger of Paducah as president; Sherrill Hicks, Cynthiana, 1st vice-president; Fred Massey, Central City, 2nd vice-president; Guy Koonce, Mayfield, secretary-treasurer and Milburn Stone, Louisville, national director.

Hughes Opens Agency

John Hughes, who has been insurance manager of Detroit Bank & Trust Co., has opened an agency at Elkhorn, Wis. Mr. Hughes started in insurance as an agent in Elkhorn in 1937. After the war, he returned to the agency ranks for a time and then went with National Surety in Grand Rapids until 1951 when he was recalled to air force duty. Later he was manager of National Surety at Akron, and in 1954, he opened a branch for that company in Cleveland. Later he was with Massachusetts Bonding as manager at Detroit, and in 1956, he went with Parke, Davis & Co. as assistant insurance manager.

HIA Forum To Feature Heavy Schedule Of Workshop Sessions

Workshop sessions on 10 widely ranged subjects have been scheduled as a feature of the annual individual insurance forum, sponsored by Health Insurance Assn. at the Drake Hotel in Chicago, Oct. 27-29.

The first of three main workshop sessions will be held Monday under the direction of Francis W. Evans, Prudential. For the first 85 minutes, six workshop groups will discuss "Overinsurance—Duplication of Benefits." Discussion leaders will be D. B. Alport, Business Men's Assurance; A. M. Hansen, Mutual Benefit H&A; George H. Hipp, Surety Life of South Carolina; J. J. McCuiston, Woodmen Accident & Life; Oliver F. Siegmund, General American Life and C. E. Stevens, Indemnity of North America.

At the same time, six other workshops groups will cover "The Senior Citizen." Discussions will be led by A. W. Adey, Educators Mutual Life; C. W. Druitt, Pilot Life; E. H. Magnuson, Federal Life & Casualty; L. L. Phelps, North American Life; C. D. Scott, Great American Reserve, and K. O. Young, World of Omaha.

The second major workshop session will take place Tuesday morning, with six topics being discussed in 14 workshops under the direction of Robert E. Ryan, Royal-Globe. Four workshops will be devoted to "Major Medical Expense Insurance." Discussion leaders will be Ernest F. Brewer, Republic National Life; Harold V. Kentner, Occidental of California; Douglas J. Moe, United States Life, and Gerald S. Parker, Guardian Life.

There will be two workshops to each of the other five subjects. Donald M. Carll, American Casualty, and Byron S. Davis, State Mutual Life, will be the discussion leaders for "Standard A&S." Robert W. Pope, Employers Liability, and Charles F. B. Richardson, Mutual of New York, will preside over discussions on "Persistence."

The workshops on "Policy Provisions and State Filing" will be led by Victor Cohen, Prudential, and Carroll J. McBride, Travelers.

Harold A. Lachner, Metropolitan Life, and Charles N. Walker, Lincoln National Life, will be the discussion leaders for "Reserve Valuation and Statistics." Ralph C. Coppeler, Travelers, and Elmer J. Rasmussen, Continental Casualty, will head the discussion of "Claim Problems."

The last group of workshops will begin Tuesday afternoon, under the direction of Rodney U. Clark, Paul Revere Life. The discussions at ten "Case Clinic—Underwriting" workshops will be led by Thomas M. Flaherty, New York Life; William H. Greenwood Jr., Provident Mutual Life; J. T. Helverson, Washington National; W. E. Lapham, National Casualty; Christopher F. Lee, Columbian National Life; Clifford Morrison, Monarch Life; Gordon L. Newell, Paul Revere Life; John A. Parsons, Royal-Globe; T. J. Smart, Inter-Ocean, and R. C. Strubbe, Lincoln National Life.

Robert G. Hill, Security Mutual of New York, and Ray C. Williams, Mutual of New York, will lead discussions of "Case Clinic—Claims."

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Doctrine Of Privity Of Contract Knocked Out By N. Y. Court In Liability Case

Within the past two years there has been a trend in the New York courts away from previous decisions which were grounded on the principle of privity of contract. This trend has gained new significance with the decision just handed down by the appellate term of the New York supreme court. The decision upheld the verdict in the Greenberg vs Lorenz case, and stated that implied warranty extends to other than the purchaser. This is said to be the first time that a high court has handed down a ruling in this direction.

Until recently, decisions in breach of warranty cases were consistently based on the Chysky vs Drake Brothers Co. case which stated that a manufacturer or seller is not liable to third persons, under an implied warranty, who have no contractual relations with him. Unless there is privity of contract, there can be no implied warranty.

No Privity of Contract

The Chysky vs Drake case involved a lunchroom waitress who received board and lodging as part of her salary. She was injured by a nail embedded in a piece of cake served by her employer. She brought action against the Drake firm, which had made and sold the cake. This complaint was dismissed on the grounds that privity of contract did not exist between the waitress and the baker, only between the employer and the baker.

Deviation from this theory became

noticeable about two years ago. In March, 1957, Municipal Judge Starke ruled that a restaurant patron could collect damages for injury even though someone else had paid the check. In this case a woman who broke a tooth on a fragment of glass embedded in a roll, collected \$3,000 from the Waldorf-Astoria Hotel. In June, 1958, in Parish vs Great Atlantic & Pacific Tea Co., Judge Starke awarded \$500 each to two young girls who became ill after eating jam purchased by their mother.

Greenberg vs Lorenz Case

In December, 1957, in Greenberg vs Lorenz, Judge Gans awarded damages to 15-year-old Sheila Greenberg, who had been injured by a piece of metal allegedly embedded in a piece of canned salmon purchased by her father. The retailer, Louis Lorenz, doing business as Pelham Dairies, a grocery store, was held liable, and he appealed.

If the appellate court's decision is upheld by the appellate division and the court of appeals (New York's highest court), it is expected to influence liability actions of this type in the future. For this reason a number of legal firms and insurers which are involved in similar actions have been following this case closely.

The decision in the Greenberg vs Lorenz case was split. The majority opinion was written by Judge Hofstadter, for himself and Judge Aurelio and stated that the girl, Sheila Greenberg, had a right to collect damages because her father had purchased

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Three Leave Board; Raise Fowler, Battle

A. Bruce Bielaski, assistant general manager in charge of the arson department; John A. Neale, chief engineer, and George J. Robinson, senior assistant chief engineer in charge of the eastern territory, are retiring from National Board Oct. 31.

Everett W. Fowler, director of the codes and standards division, will succeed Mr. Neale. Brendan P. Battle has been advanced from assistant manager to manager of the arson department.

Mr. Bielaski, former chief of the FBI, has headed the board's activities in the detection of arson and in the investigation of fur and jewelry thefts for 30 years. At one time, he was special assistant to the attorney general of the U.S. He organized a staff of 100 criminal investigators for the board.

Was With Chicago Board

Mr. Neale was chief engineer of Tennessee Inspection Bureau and then of Chicago Board of Underwriters. He later became vice-president of Underwriters Laboratories before joining the board in 1950 as chief engineer. He is a past president of Society of Fire Protection Engineers and of National Fire Protection Assn.

Mr. Robinson began with the board as a field engineer in 1927. Prior to that he was a field inspector for Factory Insurance Assn. for nine years.

Mr. Battle was an assistant football and track coach at Manhattan College. He is co-author of a book on arson. He was later a special agent with the FBI before joining the Board in 1945.

Mr. Fowler started as a field engineer in 1928 and became director of codes and standards in 1952.

National Clearing House For Auto Glass Claims Proposed

Glass Loss Clearing House Assn., a proposed national plan to prevent duplicate payment on auto glass claims, is being organized by Harold Farrell of Colorado Springs.

Mr. Farrell, who is president and general manager of Glass Loss Clearing House Assn., points out in his prospectus that there is an acknowledged need to combat the problem of duplicate payments on glass, but that it can only be done when a large number of companies participate. His goal is 100 insurers. Each of the companies will be assigned a permanent individual code-insignia to be used by its adjusters or agents. The insignia will be placed on damaged glass in a specific corner, only if proof of loss is taken, agreement reached or actual payment made. Examination thereafter of any glass involved in a loss would indicate if and by what company a previous claim had been paid. This would discourage the changing of insurers to secure duplicate payments.

Proposes \$200 Minimum Fee

Mr. Farrell proposes to charge the member companies a minimum fee of \$200 graduating to a maximum of \$600, based on the direct auto physical damage premiums written the previous year. The glass kit, comprised of a stencil, a scribe and a pocket directory will be available only from Glass Loss Clearing House Assn. at a cost of \$3 each.

Mr. Farrell's offices are in the Independence building at Colorado Springs.

Explain How Cal. Agents Will Sue Their Companies

Members of California Assn. of Insurance Agents have been informed by letter that the anti-trust action the association intends to take against the companies will be pursued by means of a "League of Independent Insurance Producers." Association members are asked to contribute money at a minimum of \$25 so that the case may be carried to the U. S. Supreme Court if necessary.

President Roger Chickering, Oakland, explained in a letter that the companies will be sued in federal district court at San Francisco probably before the end of the year. The charge is that there was a conspiracy among the companies to reduce automobile commissions and that this conspiracy was in violation of the anti-trust laws.

Five or six direct defendants will be named, the companies to be selected in such a way that bureau independent, domestic and foreign insurers will all be hailed into court.

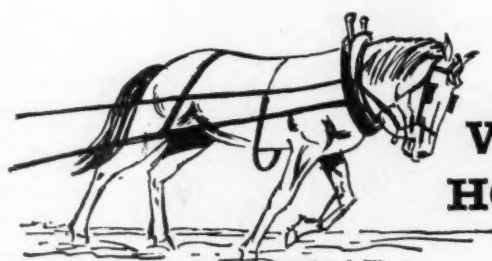
The letter explained that suit against the companies is not designed to preserve the status quo of commissions, but rather seeks "only a restoration of the traditional climate in which agents and brokers, individually, have the right and the ability to negotiate with their companies individually for a level of commissions that was satisfactory to both parties."

The member agents are asked to indicate whether they would like to be identified as a plaintiff in the suit, it being explained that the plaintiffs do not even have to hold agency agreements with any of the companies which will be charged with violating the anti-trust laws; in fact, the plaintiffs need not actually have suffered a monetary loss. If the agent decides not to be a plaintiff, he may assign his right to the League of Independent Insurance Producers.

Mr. Chickering expressed regret that there is not 100% unanimity among the producers in the matter of suing the companies on a charge of anti-trust violation.

Within a week of the mailing of the letter, it is reported that 10% of the necessary funds had been contributed, about 90% of the first letters containing checks.

Reliance has moved its Boston service office to new quarters at 261 Franklin street.



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Continental Casualty Promotes Jeffers

Donald E. Jeffers has been appointed assistant vice-president of Continental Casualty. He will assume responsibility for branch administrative services.

Mr. Jeffers joined Continental in 1956 as an administrative assistant and later he served as assistant secretary. He is a CPA.

Appointed to assist Mr. Jeffers was Richard B. Schommer, formerly of the internal auditing department. He was

formerly office manager for the company at St. Louis and with the auditing department at the home office.

Nationwide Names 2 At Syracuse

Nationwide Mutual has named Robert C. Davis regional underwriting manager with headquarters at Syracuse and George W. Conner manager at Syracuse. Mr. Davis held a similar post with the company at Philadelphia for four years, and Mr. Conner has been association group sales manager at the home office.

Reduced Auto PHD Rates Filed In N.C.

North Carolina Fire Insurance Rating Bureau has filed with the department its 1958 automobile PHD experience which indicates a reduction of 6.2%. Commissioner Gold is holding a public hearing Oct. 7. The filing indicates a general over-all decrease of 6.2%. In only two categories, both commercial, are increases indicated. These are rates for long distance hauling, where the filing is for a 10%

increase on \$100 deductible collision and a 21% increase for \$250 deductible collision.

No change is indicated for comprehensive on private passenger cars, a reduction of 8.6% is shown for \$50 deductible collision and 10.6% for \$100 deductible.

Decreases for commercial cars are on comprehensive, 19.8% for local, 17.8% for intermediate and 22.6% for long distance. Decreases for fire and theft are shown for these three categories, respectively, at 15.3%, 16.5% and 23.9%.

The discount to farmers is increased from 20 to 30%.

Many minor changes, including editorial revisions, are made in the manual which the rating bureau expects to reprint. The last reprinting was in 1955.

The filing reflects the five point reduction by National Automobile Underwriters Assn. in the production cost factor.

Opinion Of Observers

Some observers point out that despite the indications in the filing of improved experience, there is some stringency in the PHD market for young and old risks and other undesirable business. A non-admitted market has been developing for such business, at 1½ to 3 times manual rates.

Previously the bureau has supported statistics by use of the consumer price index. This has been changed to the auto repair index. The difference in the present filing is negligible.

Formerly rates were based on the latest three years of experience, weighted 10% for the third year back, 20% for the next, and 70% for the latest year. Now only two years are used, with weights of 30% and 70%. This is to reflect experience more quickly in the rates.

A factor of 1% is included for catastrophes to which the country as a whole would contribute.

Appleton & Cox Shift Pollacek And Watts

Wilson C. Pollacek has been transferred from Buffalo to manager of the Cleveland office of Appleton & Cox. Ralph E. Watts replaces Mr. Pollacek as manager at Buffalo.

Mr. Pollacek has been with Appleton & Cox for 25 years and has been manager at Buffalo since 1946. Mr. Watts joined the organization in 1941 and was formerly manager at Atlanta.

Hunt Opens New Office

John H. Hunt & Co., investigators and adjusters with head offices in Chicago, has opened its sixth office at Elgin, Ill., in the Elgin Tower building. The company also has branches at Elmhurst, Waukegan and Joliet, Ill., and Gary, Ind.

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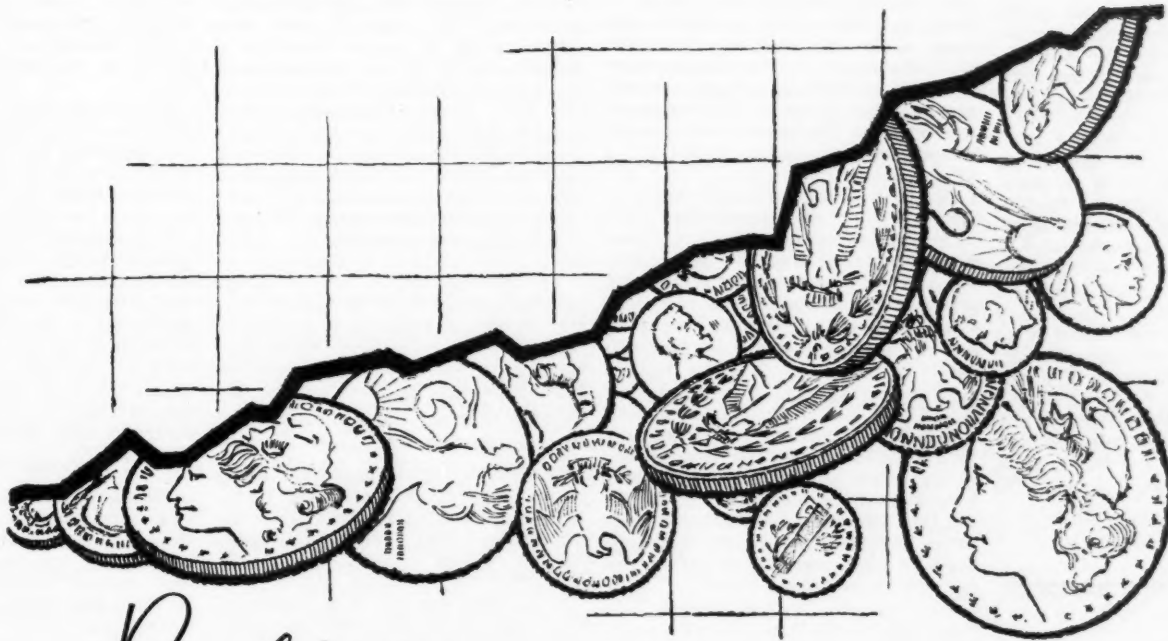
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Get full information on the Aetna simplified selling program and attractive sales aids from the Aetna Fieldman. Why not call him today?



Meet Robert J. Noonan
Sup't of Agencies, Los Angeles

Promoted to his present position last year, Bob's pet line of insurance has long been Accident and Health. He is a strong believer in developing effective sales programs for the agents he serves, and his methods have proved outstandingly successful. He attaches particular importance, first, to knowing everything about a contract and, second, explaining it in simple language. Bob's hobbies are landscape gardening and following the sports world.

Meet Roy V. Raymond
Manager, Delmar, N. Y.

Roy is a charter member and one of the three original founders of the Casualty and Surety Club of Albany, N.Y.; also Chairman of the Board of Coordinators, Russell Sage College, in charge of the General Insurance Department, and a member of the Albany Field Club. When not busy helping agents with their problems, Roy devotes his time to woodworking. He specializes in boatbuilding, and has his home on the banks of the famed Hoosac River.



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Local Agents Could Sell Life Easily, If They Try: Zalinski

Complete insurance service is the truly big challenge of these times, Edmund L. Zalinski, executive vice-president of Life of North America, told Pennsylvania Assn. of Insurance Agents at its annual convention in Bedford.

He urged his agents to give their clients complete insurance service before someone else gives it to them.

In the future people will tend to place their insurance with the agencies which offer across-the-board service and with which they have the most dealings, Mr. Zalinski predicted. This is particularly true if the agency represents a fleet of companies which offers attractive protection packages made easier to buy because of premium budget plans.

Life insurance is not difficult to sell, Mr. Zalinski observed. The trend toward package policies on life, such as the family plan, permits agents to

make sales without possessing a high degree of technical knowledge.

The independent agent is in an extremely favorable position in regard to prospecting for life clients because he has prestige with hundreds of people who already are his clients, prestige that may take a life man 10 to 20 years to build. The agent who has been in the property insurance field for any length of time has as much or more prestige and as great or even greater sales potential than the average full-time life agents, even though his agency may never have sold a life policy.

Armed with the right to a favorable interview and the knowledge of a client's circumstances, the property agent handling life can review this type of automobile, dwelling and commercial insurance owned by a client and thus determine his A&S and life insurance needs, Mr. Zalinski said.

How To Make Sales

Life insurance also is an ideal way to interest many people who appear to be committed to others for their general business, he said. "If you are the one who helps the prospect uncover and recognize a life insurance need, in nine cases out of 10 you are the agent who will sell him."

Mr. Zalinski warned agents that they will succeed in life sales only to the extent that they reserve a definite time each day, each week, or each month for life insurance activity. He recommended that agents make up a list of qualified prospects and set aside one day for calling on them. He observed that the chances are 10 to one that if the agent goes to the office first, he will be sidetracked into something else.

The one or two man agency should set aside a definite time for life production, freeing themselves from inside work, so they can devote more time to life and A&S. As life volume grows, it will provide the funds successfully to establish a full time life department. The larger agency definitely needs a full-time life man. There is no substitute for having a qualified life man as a staff member when it comes to quality service, estate planning and business life insurance coverages, and profits. Where life insurance is everybody's job, it is likely to wind up as nobody's job, not intentionally, but as a result of normal business pressures.

For those agents who want to know more about producing life insurance Mr. Zalinski advised the life underwriter training council's two year course. Life special agents will help analyze training requirements.

Industrial Indemnity Names Shields Executive V-P

James G. Shields Jr., senior vice-president in charge of division operations for Industrial Indemnity of San Francisco, has been named executive vice-president.

He joined Industrial Indemnity in 1946 on the treasurer's staff, served as assistant manager of the San Francisco division and manager of its methods and planning staff, became senior vice-president in 1956 and was elected to the board in 1957.

Milwaukee Automobile Mutual has purchased an old mansion in Minneapolis and will demolish it to make room for a \$135,000 branch office which it hopes to occupy about May 1, 1959.

Agents Should Sell Dwelling Package AND Commercial

If agents can sell dwelling package policies they can sell the commercial property policy, John H. Johl, fire special agent of Aetna Casualty at Newark, points out in an analysis of the sales possibilities of the commercial form in the company publication, the Aetna-izer.

Successful producers of this new coverage follow the same basic steps used in selling homeowners and comprehensive dwelling forms: Pre-approach to select prospects; the actual sale; completion of an application.

The pre-approach should eliminate ineligible risks such as manufacturers, service or bailee risks, prospects that can be written only under marine forms, and others that might be eligible except for low values, Mr. Johl explains.

Have To Be Selective

Perhaps the most important factor is that this procedure should eliminate those risks which, because of unsatisfactory past experience under specific policies, location, age and deterioration of buildings and type of merchandise, cannot pass inspection. This then leaves the prime prospects, perhaps few in number but they represent a selective group on which the sales program should be concentrated.

Mr. Johl notes that these prospects can be subdivided into three groups: 1) Exclusive accounts, which must be protected from competition; 2) accounts insured only partially by the agency; 3) prospects not insured by the agency.

Category 1 is the first to approach, and the sales method should compare the insurance cost under the present programs with the estimated cost under a commercial property policy.

Client Saves 13%

As an example, a recent sale was made to a customer who had been paying \$397 annually for the following coverages: \$30,000 fire insurance, \$5,000 open stock burglary and \$7,500 water damage. A commercial property policy for \$30,000 included all the previously named perils plus vand-

alism and malicious mischief, transit hazards, and other unknown catastrophe losses, at an annual cost of \$344, or a saving of 13%.

Another store owner was carrying \$100,000 fire insurance and \$10,000 open stock burglary coverage, when an agent made out a commercial property proposal showing that a modest additional premium of only \$18 would buy this far broader coverage.

The second group of prospects is the best source of increased premiums but is perhaps the most difficult group to sell because the prospects are usually spreading their insurance in many directions for patronage reasons, Mr. Johl points out. However, since the agency already writes part of the insurance, the door is open for discussion of the CPC. Where there are many agents on a risk, the one who gets there first, often gets the sale. If he can't get an order to write the full amount, he may have to concede that the coverage can be written under several policies by different agents.

Three Year Cover Will Save

Mr. Johl explains that since it has long been customary to write policies covering merchandise for one year, there are real opportunities to save insured premiums by recommending the coverage for three years where rules permit. The savings will often offset the added cost of the CPC and may close the sale. A recent sale demonstrated this. A machinery dealer had a \$125,000 reporting form policy, with an annual provisional premium of \$700 or a total of \$2,100 provisional premium for three annual policies.

A CPC policy written for a three-year term, with annual payments of the deposit premium cost only \$2,240. Thus, for an additional \$140 for three years, the insured obtained all these added coverages: Burglary, theft, robbery, water damage, vandalism, sprinkler leakage, and transit hazards. A transportation policy alone would have cost more than the added cost of the new CPC.

Broad Coverage Important

However, Mr. Johl cautions that price comparisons are not always favorable, and it is always advisable to point out the benefits of the broad

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don't
know
can
hurt
you

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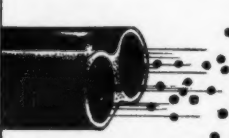
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coverage particularly be of inticular los prospect s policy to c The la those wh of the ag approach but often insurance agent th the cover made as a conversel the need the insur The las the comp agent of These are rating or whichever figure a risks from to avoid til the r the rate. curate p through t out.

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Comb

Great fire and Washing Robert Monro

coverage under this policy, stressing particularly those perils which should be of interest to insured. One particular loss possibility may impress a prospect so much that he will buy the policy to cover that exposure alone.

The last group of prospects are those who are not now customers of the agent. Here, perhaps, a direct approach for selling the CPC is best, but often a suggestion for a complete insurance analysis has given the agent the opportunity to recommend the coverage. Several sales have been made as a direct result of surveys and, conversely, CPC sales often point out the need for a thorough analysis of the insurance program.

The last step in selling the CPC is the completion of an application and agent of record letter by insured. These are then forwarded to the fire rating organization or home office, whichever is preferred. An agent can figure a tentative premium on retail risks from the manual, but it is best to avoid making firm quotations until the rating bureau has calculated the rate. On wholesale risks an accurate premium must be obtained through the bureau, Mr. Johl points out.

Excess Underwriters

Names O'Donnell V-P

Philip E. O'Donnell has been appointed vice-president in charge of underwriting for Excess Underwriters of Chicago. Mr. O'Donnell, who joined Excess about a year ago, was formerly with American Motorists and the Kemper group since 1947. Previous to that he was with American Casualty and Massachusetts Bonding.



P. E. O'Donnell

Hartford Fire Advances

Buecheler; Horton In N.Y.

Hartford Fire has appointed John E. Buecheler to the newly created post of agency superintendent at the home office.

He joined the company in 1949 and became special agent at Syracuse, Buffalo and most recently at Rochester. He will be succeeded by Kenneth W. Horton, who has been special agent of Springfield F.&M. at Rochester.

N.C. Pension Act Upheld

The constitutionality of the North Carolina firemen's pension fund act has been upheld by the state superior court. Counsel for the companies which opposed the act said the decision will be appealed to the state supreme court.

The act provides that 1% of all fire and lightning premiums in protected areas must go into the firemen's pension fund. In the suit against Commissioner Gold, the companies held this was a special tax on a special group for the benefit of another special group.

Combines D. C. Office

Great American has consolidated fire and casualty operations in the Washington, D. C. service office under Robert Lauriault, manager, and J. Monroe Hunter Jr., assistant manager.

Six States Win Driver Education Top Awards

The board of judges for the 11th annual National High School Driver Education Award program has announced that Massachusetts, Michigan, Delaware, Oklahoma, Utah and Vermont were selected to receive the nation's top honor in this field, the Achievement award, for the extent and quality of their driving programs in the 1957-58 school year.

The judges also designated Progress awards to six states—Florida, Illinois, Indiana, Missouri, Texas and Montana. At the same time, it was disclosed that an all-time record number of schools and students participated in the programs.

Stricter Evaluation Used

Thomas N. Boate, manager accident prevention department of Association of Casualty & Surety Companies, which sponsors this officially authorized national driver education program, said the awards this year were based on a stricter evaluation system. The basic evaluation changes were made to conform with standards recommended by two national educational conferences sponsored by National Commission on Safety Education. "The evaluation procedure was sharply revised to place more emphasis on the quality of instruction given than on the number of schools participating in the program," Mr. Boate declared.

Mr. Boate reported that during the 1957-1958 academic year a record number of 11,846 schools offered driver education courses and an unprecedented total of 1,219,065 students received instruction. These figures topped the previous highs of 11,273 schools and 1,123,164 participating students recorded in the 1956-1957 academic year. The 1957-1958 school total represented a five percent increase over the previous year and the enrollment total showed an increase of 8.5% over 1956-1957.

Will Continue To Report

"We will continue to report school and student participation in all types of driver education courses. But, for the purpose of determining awards, the program will only tabulate the complete driver education courses offering a minimum of 30 hours of classroom instruction and six hours of behind-the-wheel training," Mr. Boate said. He added that driver education should be included as a "must" basic course in any high school curriculum and that "award credit will not be granted unless the courses are taught by qualified teachers who have completed a state approved driver education teacher course."

Progress awards, he said, are being given to states reporting an outstanding annual expansion of school and student participation in high quality courses. This year's Achievement awards, newly designed wood-mounted silver plaques, will be presented to the governors of states at ceremonies to be held in the near future. Chairman of the board of judges was Dr. Virgil M. Rogers, dean college of education of Syracuse University.

Luehr Rejoins Parker, Aleshire

Ernest T. Luehr, vice-president of Illinois Mutual L. & C. and formerly with Parker, Aleshire & Co. agency of Chicago, has rejoined the agency as executive vice-president in complete charge of production of fire, casualty and professional disability insurance.

Sees Professional Adjusting As Need

G. M. Lynch, manager education and research department of Western Adjustment, writes anent the editorial by Howard J. Burridge:

It has been on my mind to write you and offer my congratulations on the editorial, "Losses Get Too Quick Adjusting," in the Sept. 5 issue. I feel impelled to add my voice to the many compliments you must have received by this time.

Lip service has been offered over the years to the very sound principle that the adjustment of losses and claims must be handled in a professional manner. Too often, unfortunately, the companies' actions have been influenced by the factors of production and economy, the latter naturally aimed at their major expenditures, loss and claim payments and the cost of this activity.

Your presentation of this subject was heartening to those of us who are constantly faced with the justification of our existence. Many thanks for your handling of this subject.

New Pool Formed To Write Slum Dwellings

A new pool to write fire and extended coverage on slum property is being operated by Inter-State general agency of Warren, Ohio. "Adequate Rate Pool" will write habitational buildings and mercantile buildings and contents in slum areas at the published fire rates plus a \$1.50 per \$100 surcharge on class rated property and a \$1 surcharge on tariff rated property. The surcharge on class rated risks may be cut to \$1 if the risk is written subject to a \$50 deductible. The regular EC rates apply, but vandalism and malicious mischief is not available.

Leading company in Adequate Rate Pool, the brainchild of E. C. Knoop Jr., is Stuyvesant.

Adjusters Associated of Clarksburg, W. Va., has opened a new office in Fairmont. G. N. Smith Jr. is manager and will be in charge of the upper Monongahela valley. Mr. Smith has been an adjuster for seven years and with Adjusters Associated for two years.

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Eight Promoted By American Casualty

American Casualty has promoted and transferred M. W. McMahon from the home office A&S special risk division to manager of the A&S department at Washington. Joseph Brady has been advanced from field representative to manager of the A&S division at Atlanta.

Thomas E. Gmitter has been promoted from the claims division to field representative at Pittsburgh. William

R. Bucher was named regional manager for aviation and group travel accident at Detroit. Richard Billig was appointed brokerage supervisor for A&S at New York. Elmer F. Spies was appointed A&S field representative at Kansas City. Thomas St. Denis was appointed regional aviation accident and group travel manager at Atlanta, and Loren Ward was named group supervisor at Los Angeles.

United Benefit Fire has been licensed in Massachusetts.

Rules Set For Fund Supervision In Cal.

Commissioner McConnell of California has promulgated rules and regulations for the administration of the health and welfare program supervision act adopted last year placing such funds under the supervision of the insurance department. He has also approved a form of the registration statement which is being sent to some 3,100 programs, labor organizations and employers which must be

completed for a certificate of convenience to operate. Further public hearings, he said, will be held prior to formal adoption of regulations governing annual reports.

In his ruling Mr. McConnell gave explanations of the new law and its requirements, pointing out that he has the right to examine, under oath, the entire program, all reports of examinations, and any audit reports accepted in lieu of examination are to be open to inspection by any beneficiary or contributing employer or employee "unless the commissioner determines otherwise for stated reasons."

Outlines Similar Laws

He also outlined similar laws of other states and the federal act, and pointed out that the California statute says it is the policy of the California act to encourage the growth of health, welfare and pension programs.

Mr. McConnell pointed out that the general laws of California regarding the duties of trustees and others handling funds of a fiduciary nature apply to funds of health and welfare programs while the insurance code regulates all insurers and agents and brokers.

Since the act was adopted the department has received certain complaints and communications of a "confidential nature" which were thoroughly investigated with none revealing any violation of law, he disclosed. There are several matters under investigation now, however.

Kjellgren, Callahan Advanced By American

American has appointed Anthony A. Kjellgren administrative assistant at Rockford. He was production manager there, and is succeeded by E. J. Callahan, formerly production supervisor at Cleveland.

Mr. Kjellgren joined the company in 1949 and was special agent in Illinois, Nebraska and Michigan before his most recent assignment.

Mr. Callahan, with the company since 1948, was an underwriter and special agent in Atlanta and Chicago before going to Cleveland.

Hodges Advanced To V-P By Mich. Mutual Liability

Michigan Mutual Liability has promoted Dale J. Hodges to vice-president. He has been with the company since 1923, heading the payroll audit department for many years and as personnel director since 1957. He will continue to head both departments.

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Mid-Union Indemnity Names Five At HO

Mid-Union Indemnity of Elgin, Ill., has made a number of home office changes. J. S. Frame has been named agency director of both Mid-Union and Public National, which was recently acquired by Mid-Union; Henry J. Ehlert, claims manager of both companies, with supervision over seven regional service offices; James W. McGrath, manager underwriting department Public National; Robert W.

Zack, manager underwriting department Mid-Union, and David V. Menegar, superintendent engineering department of both companies.

Jay Joins Byrnes, McCaffrey

Elden Jay has joined the Byrnes, McCaffrey agency of Detroit to handle all claims. Mr. Jay was with the Detroit office of Aetna Casualty as an adjuster from 1937 to 1941 when he joined Toplis & Harding, Wagner & Glidden, becoming assistant vice-president and assistant manager.

Louisiana Insurers Show Average 65% Loss In '57

Fire and casualty companies operating in Louisiana had a loss ratio of nearly 65% on 1957 business totaling more than \$188 million, according to the annual report released by Commissioner Hayes.

The high ratio was due primarily to hurricane "Audrey" which boosted extended coverage losses for the year to \$32,931,000, a loss ratio of 253%. Automobile business, about 40% of

all premiums written, came to \$71,355,000 with losses of \$41,564,000 or about 58%. By lines, premiums and losses were: Bodily injury, \$25,551,000 and \$13,228,000; property damage, \$12,851,000 and \$7,599,000; and physical damage \$32,952,000 and \$20,736,000.

In both ocean and inland marine business experience was also reported unfavorable. The figures were: Ocean marine—premiums \$10,984,000, losses \$6,787,000; and inland marine—\$4,859,000 and \$3,128,000.

On the favorable side of the ledger were fire, with premiums of \$27,557,000 and losses of \$11,229,000; and workmen's compensation with \$35,954,000 and \$18,909,000.

Among other profitable classes were homeowners—premiums \$993,000 and losses \$341,000; surety—\$3,989,000, and \$1,103,000; and general liability, \$1,551,600, and \$2,231,000.

Ackerman Elected V-P Of Coal Operators Casualty

T. E. Ackerman has been elected vice-president of Coal Operators Casualty. He has 16 years of experience in all phases of workmen's compensation and public liability insurance, the lines in which Coal Operators specializes. He was with the former Coal Operators Casualty that was purchased by Old Republic Life and is now known as Old Republic of Greensburg, Pa. The present Coal Operators Casualty was incorporated in 1957 and has its head office at Rockwood, Pa.



T. E. Ackerman

Underwriters Adjusting Shifts Two In Iowa Field

Underwriters Adjustment has made two personnel changes in its Iowa field force: Robert Brown, former manager at Fort Dodge, has been transferred to Sioux City, replacing Henry Wilson, and L. C. Smith, senior adjuster at Peoria, replaces Mr. Brown at Fort Dodge.

Nationwide Names Silver In Pittsburgh Sales Post

Robert C. Silver, 12 years with Nationwide Mutual, has been named sales manager in Pittsburgh. Mr. Silver started as an agent in Cincinnati, became sales manager in Hamilton, O., in 1953 and for the past 1½ years has been in the personal lines training department at the home office.

Allstate Promotes Four

Allstate has made several executive appointments: James Kiehne has been named district sales manager at Charlotte, N. C.; William E. Gohean has been appointed district sales manager at Harrison, N. Y.; John J. Illingworth becomes sales development manager at Toronto, and William N. Wilkins will be claim manager at St. Petersburg.

Flynn-Neumann agency of Jamaica, N. Y., has moved to larger quarters at 92-20 Union Hall street. Joseph A. Neumann, president of the agency, is a past president of National Assn. of Insurance Agents and current chairman of its advertising committee.

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Mich. Judge Adds Churches To Charities Eligible For Suit

FLINT—Judge Stephen J. Roth of Genesee county circuit court, who recently ruled that charitable institutions such as hospitals are liable for injury claims, ruled during the past week that churches should be placed in the same category. He cleared the way for pressing of a \$200,000 suit against the Lansing Roman Catholic diocese on the basis of an injury sustained by a Mt. Morris woman in a fall down the steps of the St. John's Vianney church here in 1956.

"Neither reason nor logic, sound principle of law nor present-day public policy require or justify the exemption of charitable institutions from responsibility for negligence," the judge declared. He held that "private charities are much different now than when the liability question first came before American courts." Then, he stated, "they were largely small institutions of limited means. Today they have become, in many instances, large business, handling large funds, owning and managing large properties. A charity cannot be permitted to inflict injury upon one through its negligence without redress in order that it may do charity to others."

Biewert In New Post With Leo B. Menner

Don J. Biewert has been appointed casualty department manager of Leo B. Menner & Co., Chicago Lloyds representatives. Mr. Biewert was formerly in charge of the Lloyds department and of casualty and surety operations for Enger, Barnett, Hurwith & Biewert in Chicago. Before that he was with Moore, Case, Lyman & Hubbard in a similar capacity for eight years and was with A. F. Shaw & Co. for 15 years. He also was with Marsh & McLennan at Chicago for four years. The Menner agency recently celebrated its first anniversary.

Employers Of Ala. Moves

Employers of Alabama and its affiliate, Employers Life, have moved from downtown Birmingham to their new building on U. S. highway 31, nine miles south of Birmingham.

Charles A. Lenz and Edward DeYoung of the Charles A. Lenz & Associates surplus lines office of St. Petersburg, Fla., on Oct. 10 will fly to Brussels and London to confer with Lloyds underwriters. The Lenz organization is expanding its facilities.

Havana Cruise For Miss. And La. Mutual Agents

Mississippi Mutual Agents Assn. and Louisiana Assn. of Mutual Insurance Agents will hold their meetings next spring on a joint cruise to Havana on the liner "Arosa Sun." The cruise will leave New Orleans April 15 and return April 20. There will be two days and a night in Havana, with the ship used as a hotel. Convention sessions will be held at sea.

Va. Agents Buck Reduction In Term Policy Discounts

Virginia Assn. of Insurance Agents has opposed a proposal by Virginia Insurance Rating Bureau to the state corporation commission that discounts on three and five year fire policies be reduced, in line with a scheduled rate reduction of nearly 4% for fire and allied lines.

Under the proposal, rates for three year policies would be changed from 2.5 to 2.7 times the annual premium, and rates for five years would rise from four to 4.4 times the one year charge.

Suggests UJF And Award Schedule For Cal. Accidents

Appearing as a witness before a subcommittee of the California legislature considering various proposals, including compulsory insurance, Albert A. Ehrenzweig, a professor at the University of California and described as "an expert on insurance matters," presented a program calling for a state uninsured motorists fund.

He also suggested that the insurance companies establish a schedule of minimum awards for personal injuries somewhat similar to workmen's compensation. He suggests a figure of "about \$20,000" for serious injuries. In suggesting this idea he said that he was certain that if victims knew there would be some certain and definite minimum awards for certain injuries there would be less litigation calling for exorbitant awards by juries. To set up his state fund Prof. Ehrenzweig suggested a heavy schedule of fines against uninsured drivers involved in accidents for which they are responsible.

Statesman Ins. Co. has been admitted to Pennsylvania. This is the pup of State Auto of Indianapolis. William Andrus is vice-president in charge. The company in October will hold a series of introductory zone meetings of Statesman in Pennsylvania.

W. L. Carter Jr. Named To Head Dallas Agents

William L. Carter Jr. has been elected president of Dallas Assn. of Insurance Agents for 1958-59. Other officers are Donald E. Bowles, vice-president, and Jack L. Curtis, reelected executive secretary and treasurer.

James E. Wallace, immediate past president, remains a member of the board, with past presidents Fred Malinson and J. Frank Holt Sr., Mr. Carter, Mr. Bowles and Mr. Curtis.

Buckeye Union's New Home Office To Have Adequate Work Space

The new home office building of Buckeye Union Casualty, an artist's sketch of which appeared on page 2 last week, will contain 125,000 square feet of working space, not the puny 1,125 reported in the picture caption. A typographical error was the cause of this regrettable reduction in the number of square feet allotted the employees of Buckeye Union Casualty.

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Convention Dates

- Oct. 4, National Assn. of Insurance Commissioners, fictitious groups, fire, casualty and surety subcommittee, Roosevelt Hotel, New Orleans.
- Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.
- Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.
- Oct. 6, National Assn. of Insurance Commissioners, regulation of advertising subcommittee, Edgewater Beach Hotel, Chicago.
- Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.
- Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.
- Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 17-18, New Mexico Insurers, annual, LaFonda hotel, Santa Fe.
- Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.
- Oct. 19-21, North Dakota Assn. of Insurance Agents and Insurance Federation of North Dakota, annual, Clarence Parker Hotel, Minot.
- Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.
- Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.
- Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.
- Oct. 20-21, Insurers of Tennessee, annual, Claridge hotel, Memphis.
- Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.
- Oct. 22-24, Kansas Assn. of Independent Insurance Agents, annual, Broadview hotel, Wichita.
- Oct. 23-25, Colorado Insurers, annual, Broadmoor hotel, Colorado Springs.
- Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor hotel, Jefferson City.
- Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.
- Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.
- Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.
- Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.
- Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion hotel, Charleston.
- Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler-Hilton hotel, Hartford.
- Nov. 6-7, Kansas Assn. of Mutual Insurance Companies, Newton.
- Nov. 16-18, Kentucky Assn. of Insurance Agents, annual, Kentucky Hotel, Louisville.
- Nov. 17-19, Indiana Assn. of Insurance Agents, annual, Claypool Hotel, Indianapolis.
- Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.
- Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.
- Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.
- Dec. 10, Eastern Underwriters Assn., annual, Baltimore hotel, New York City.
- Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.
- Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle hotel, Chicago.

N. C. Assigned Risks Rise

North Carolina Automobile Assigned Risk Plan received 98,125 new applications during the year ended June 30, a volume nearly four times that of the preceding year. Paul L. Mize, manager, said the increase was largely due to adoption of compulsory during the calendar year, but applications were about one-third higher than anticipated because of the tight automobile liability market.

Etier In New Post

National Union has transferred John C. Etier from engineering to casualty special agent in the Illinois field. He has had engineering experience with several companies and more recently has been supervising engineer for National Union. His office will be at Rockford.

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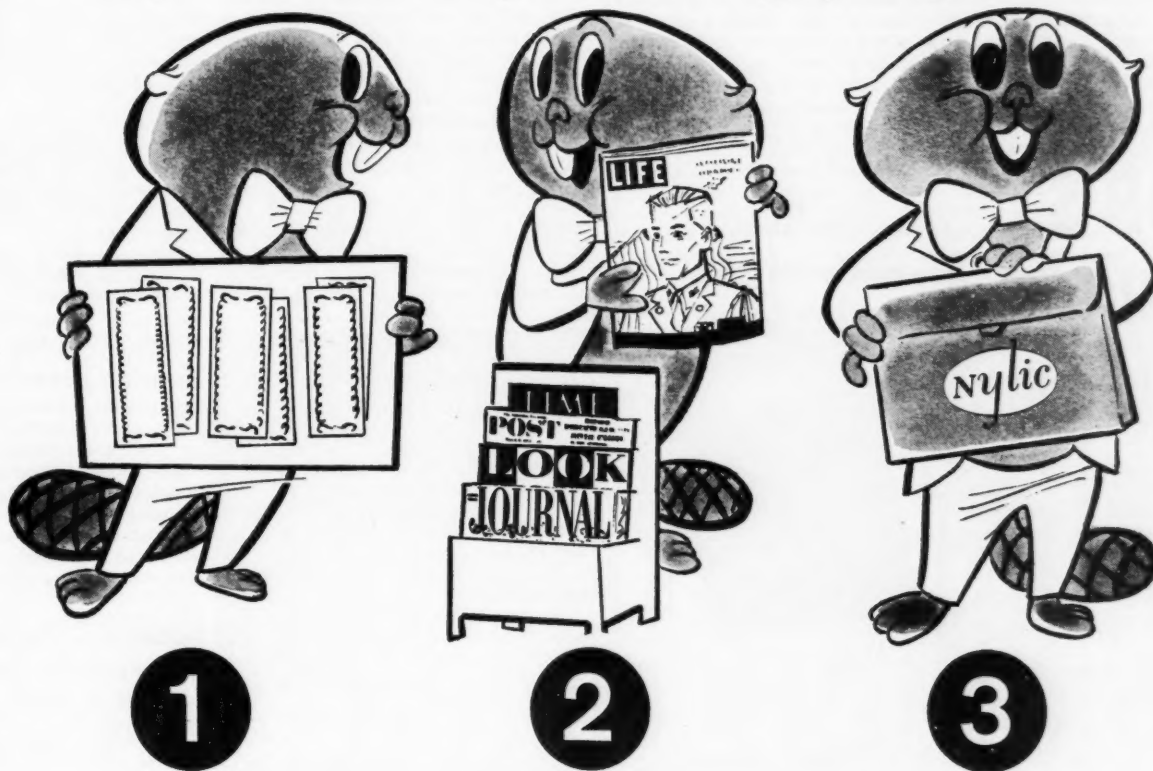
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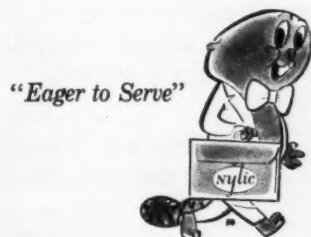
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A&S Coverage Gaps Studied Among N. Y. Unemployed Workers

The New York joint legislative committee on health insurance plans has completed a statewide survey designed to find out as accurately as possible the point at which unemployed workers tend to drop their A&S coverage. Although results are not yet available Senator George R. Metcalf, chairman of the committee, said that the survey will also help to determine whether or not dropped A&S coverage among unemployed workers constitutes one of the "gaps in coverage" which his committee is empowered to investigate.

Interviewers who interrogated applicants for benefits in unemployment offices throughout the state requested the following information:

—The number of weeks applicants have been unemployed.

—The kind of coverage they have, and whether from Blue Cross or an insurance company.

—The point at which they have had to drop coverage or at which they expect to have to drop it.

—The number of people in their families.

In announcing the survey, Sen. Metcalf said, "We suspect that there may be a substantial number of people in the state at any given time who are compelled to abandon their health insurance at a time when they are apt to need it most. One of these groups may be unemployed workers."

He said, "The healthy man or wom-

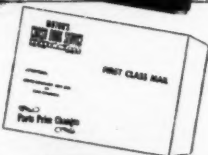
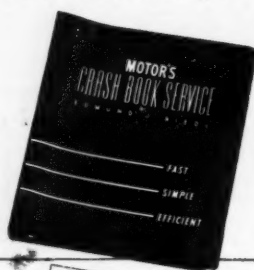
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Button To Cincinnati For Pacific Indemnity

Richard S. Button has been named manager of the central department at Cincinnati for Pacific Indemnity, succeeding Edward R. Rezac, resigned.

Mr. Button has been assistant manager of the auto and casualty department at Los Angeles. He has been with Pacific Indemnity for the past 10 years, serving in various underwriting, field and executive capacities.

an whose regular income is terminated through unemployment is in a serious enough position. If, in addition, such people carry the burden of being unable to pay for medical care for themselves or their families during the period of their unemployment, their situation constitutes a social problem with which the committee must be concerned."

Sen. Metcalf indicated that the findings of the survey would be tabulated and studied by the committee as a first step toward possible legislation designed to ease whatever hardships the survey may uncover.

Frank Fullenwider To Rejoin Cal. Department

Frank S. Fullenwider, on Oct. 20, will rejoin the California department in charge of the compliance and legal division. Mr. Fullenwider resigned from that position in 1955 to become San Francisco area administrator of the state department of alcoholic beverage control.

Upon rejoining the department, Mr. Fullenwider will return to the civil service status he occupied when he accepted the non-civil service appointment with the ABC.

Commend American Liberty

American Liberty of Birmingham has been commended in an editorial in the Montgomery Advertiser for newspaper advertising in connection with the public hearings on a new Alabama insurance code.

The editorial points out that there is no sales message in the advertisements which outline in layman's terms the purpose and intent of the new code. This contribution to public understanding, coupled with the work of the legislative interim committee and the legislature, can help the state shed its present and deserved reputation as a haven for the fast buck insurance speculators and manipulators, the newspaper declared.

PR Assignment For William Brewster

William H. Brewster, manager of the automobile division of National Bu-

reau, has been appointed special public relations assistant to William Leslie Jr., general manager. Mr. Brewster will develop closer liaison with local producers' organizations.

He began as a casualty underwriter with General Accident and was later with New York Indemnity and Standard Surety & Casualty. He joined National Bureau in 1936 as assistant manager of the automobile division, became acting manager in 1946 and manager a year later.

James R. McWilliams, an assistant manager of the division, has advanced to acting manager.



Wm. H. Brewster

North America Deviation Hearing Reset In N. C.

A public hearing on North America's application for a 10% deviation on fire and extended coverage in North Carolina has been re-scheduled to allow the company to submit exhibits and the fire rating bureau to study them. The hearing, originally scheduled for Sept. 16, now will be held Nov. 12 by Commissioner Gold.

Norman L. Reuter Named Secretary Of Emmco

Norman L. Reuter has been named assistant secretary of Emmco Ins. Co.

Mr. Reuter was with Aetna Fire for the past 16 years, most recently as superintendent of the western automobile department. Before joining Aetna Fire in 1942, he was with Massachusetts Bonding in Boston for nine years.

AMA Elects Rule, Merrill

American Management Assn. has elected E. A. Rule, vice-president and secretary of Nationwide, vice-president in charge of the office management division, and F. H. Merrill, vice-president of Fireman's Fund, as director. Casimir Z. Greenley, director of insurance and safety, International Minerals & Chemical Corp., was re-elected vice-president in charge of the insurance division.

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Says Company Panic Causes More Chaos

Companies are panicking and their cancellation of agency contracts and tightened underwriting are throwing the business into unnecessary chaos, in the opinion of Eben Learned Jr. of Norwich, president of Connecticut Assn. of Insurance Agents. He spoke at the first fall meeting of Connecticut Field Club at Hartford.

Mr. Learned said that companies, in their recent grab for premiums, have made indiscriminate appointments of both full and part-time agents. In addition, they have bought business from agents through excess or contingent commissions and other "under the counter plans" designed to keep pace in the premium race. Too many agents lack proper knowledge of the business, which is more complex than ever before, he added. This condition, plus uncontrolled greed for commissions by uninstructed agents, adds to the chaos.

Mr. Learned declared that the field man today is "in the middle," the slave of two masters, company and agent. He said it was the duty of field men to communicate to the company a clear picture of agency problems which may have been forgotten by vice-presidents long since out of the field. Conversely, the field man should lay the cards on the table to the agent with regard to company policy and should try to reconcile relations.

Mr. Learned declared that the current local board-field club liaison plan was not working effectively because the boards do not thoroughly understand the field club services available to them and the liaison men are not aggressively promoting the plan. Only 16 local boards have programmed the effective salesmanship forum of the field clubs, he noted, although reports on this program from other states have been enthusiastic and have led to requests that Eastern Underwriters Assn. continue the forum on a more advanced basis.

Magazine Calls State Farm Auto Coverage 'Best Buy'

Car Life magazine again has advised its readers that State Farm Mutual offers "far and away the best buy today" in automobile insurance.

Findings of Car Life's research team, which studied the country's major auto insurance companies, appear in the November issue of the national magazine. The article singles out State Farm Mutual's low cost and country-wide service as primary reasons for the selection. Car Life came to the same conclusions after a similar survey in 1955.

United Benefit Fire Expands Operations

United Benefit Fire of Omaha has been granted a full multiple line license in Massachusetts. Since interests associated with Stewart, Smith & Co. assumed control of the company late in 1953, the company's area of operation has been greatly expanded. Presently United Benefit Fire has full multiple line powers in 42 states. At the time of change of control it was licensed to write fire only in 15 states and fire and automobile only in 19 other states, Hawaii and District of Columbia.

At the end of last year, the insurer had assets of \$3,065,710 and a policyholders surplus of \$1,314,618. It wrote \$983,525 in premiums in 1957.

Michelbacher To Speak

Gustav F. Michelbacher, retired president of Great American Indemnity, will address the New York chapter of CPCU at the annual conference and all industry luncheon Oct. 14. He will discuss the question of discarding regulation of fire and casualty rates.

N. J. Advisory Group On Licensing Named

Commissioner Howell of New Jersey has appointed an advisory committee to assist the licensing division of the department in connection with the new agents' qualification law.

The committee includes J. J. Magrath, Federal; Harris G. Haviland, Lumbermen's Mutual Casualty; Harvey T. Massie, Nationwide Mutual; Harry G. Mather, Trenton agent representing New Jersey Assn. of Insurance Agents; Henry D. Bean of New Jersey Mutual Agents Assn.; Eric W. Turner Jr., Mercer County Mutual Fire, and Abner Benisch, Newark agent, representing CPCU and CLU.

Edward Bambach of the department of education will work with the committee on education requirements.

Mercer C. Macpherson, vice-president of Chemical Corn Exchange Bank, spoke at the September luncheon of Surety Underwriters Assn. of New York. He discussed external relations in banking which reflect the modern attitude of greater service to the public.

Frank White, 32 Years With The Fund, Retires

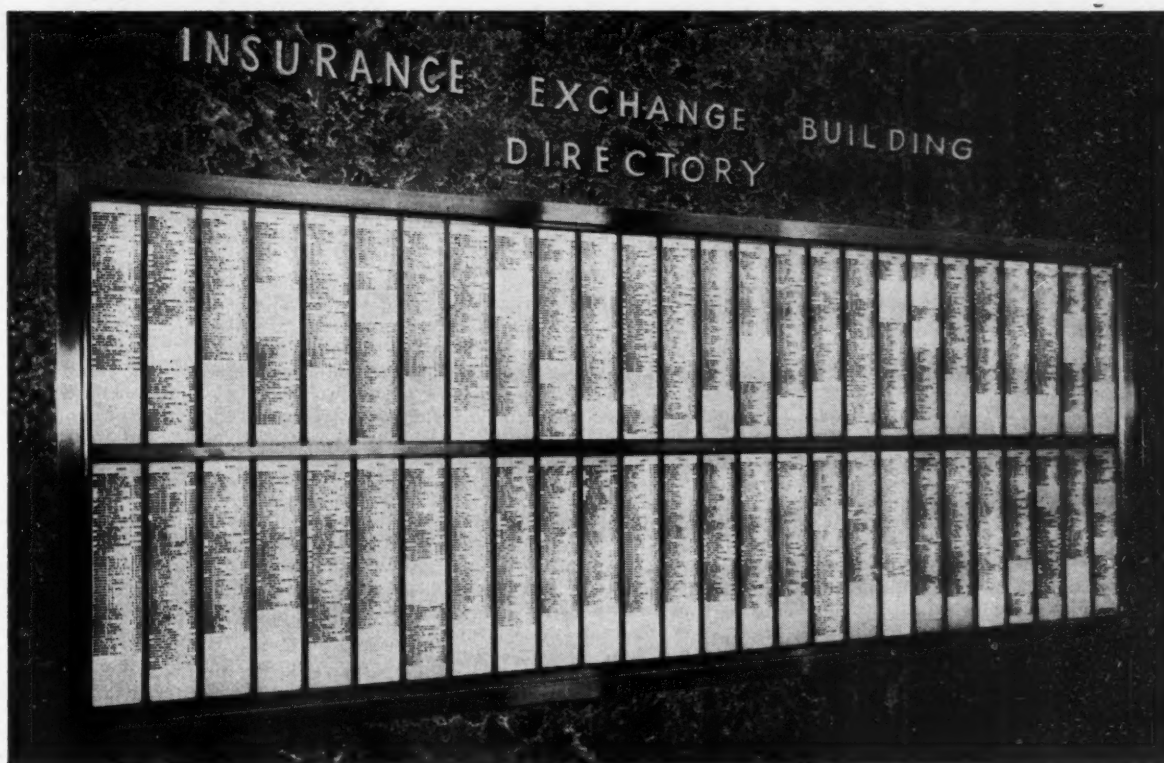
Frank W. White, manager of fire loss operations in Fireman's Fund's Pacific department, has retired after 32 years with the company. He will be succeeded by Gordon Arter, who has been with the Fund nearly 25 years.

Mr. White's career began 45 years ago with several insurance companies in San Francisco and Los Angeles, before he joined the Fund. He helped organize Pacific Coast Fire Loss Assn. and served on various committees of Pacific Board.

Mr. Arter joined the Fund in 1934, first serving in the fire underwriting department, then in the fire loss department, and later as special agent. He became office manager of the fire underwriting department, then personnel manager of the Pacific department.

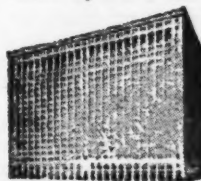
Mr. Arter will be succeeded as assistant manager of the fire loss department by Robert Igram.

Federal has elected Howard S. Bunn, executive vice-president of Union Carbide Corp., a director.



3,272 NAMES

The directory board of the Insurance Exchange Building is the largest of any office building in Chicago. That's to be expected, since the Insurance Exchange is the largest office building in the city. It is remarkable, however, that all but a handful of the 3,272 names on the directory board are those of companies and executives in some branch of the insurance business.



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COMMENTS

TRENDS

OBSERVATIONS

Claims Conscious Insured And Rash Young Drivers Should Be On File With Bureau

Barney Glazer, insurance agent of Sherman Oaks, Cal., writes:

My agency is doing everything possible to eliminate claim-conscious clients. I feel I am helping my own future as well as that of the companies. It is costing me revenue but it is also freeing me to solicit more worthwhile business, so I don't mind the temporary income block. This system may be helping me, but obviously the companies are not reaping the benefits. This may be one very good reason why they are losing money. Let me explain.

John Smith has a fire policy with our office. He has two losses. Both are the result of cigarette scorchers. I inform Mr. Smith not to turn in any further cigarettes losses for the protection of his insurance, which will surely be canceled by the company. But Mr. Smith hisses through stubborn teeth the old cliché: "Why shouldn't I turn in my losses? That's why I'm paying insurance premiums."

This one usually has me reaching for the medicine cabinet and I'd rather have one client who never deals in that platitude than five who do, because the five usually expect to salvage their premiums in the form of losses. To such five, insurance is a horse race tote board or a Las Vegas crap table. They feel they "pay their money and the companies takes their chances." This is the type of client my agency will drop like a handful of jagged glass.

Canceled Client Goes Elsewhere

So, getting back to Mr. Smith—he hands me the third cigarette loss and says: "Get it fixed!" I explain, I argue, I beg, I plead, but Mr. Smith does not, cannot, and will not understand or accept my viewpoint. He refuses to concede that I am working for the ultimate end of protecting him from a definite cancellation. I phone my company, give them the story, enter the loss, and add: "Send out a cancellation notice immediately." In other words, I refuse to be commission hungry. I cancel voluntarily—and I don't worry how big Mr. Smith's account is. I've had it.

Now, my personal pout is this—Mr. Smith isn't through by a long shot. He immediately latches onto the lapel of another agent and gets himself a new policy. It's just like shooting fish.

Why don't the companies immediately establish a central reporting bureau to avoid poor risks such as Mr. Smith? I know that another company will get the account and I would love to warn that company about Mr. Smith's chronic claim tendencies, but I have no way of learning who his new company will be. Even if I did, he'd find a third company, and I just don't have the idle time to chase Mr. Smith around to learn where he carries his insurance.

I feel it is the concern of all companies to join hands to make it easy for all agents to report to them their

findings about undesirable risk. I also feel that when Mr. Smith obtains his new policy through company B, I and all other agents will sooner or later feel the results, because company B will be one of a few dozen companies who will eventually get together and moan: "Our loss ratios are too high. We'll have to increase premiums." In other words, it makes no difference who gets John Smith—companies A, B or Z. The industry will suffer as a result of John Smith's losses. Multiply John Smith by thousands of undesirable risks and you have a huge industry loss. Eliminate the John Smiths and the entire insurance industry will receive an unconditional release from the hospital of sick companies.

Curbing Younger Drivers

My suggestion—to repeat—is to set up a central bureau where we agents can call and say: "We have a client—John Smith. He has been insured with Double-O companies. We have canceled him due to the following losses."

This should work with all types of insurance—auto, inland marine, casualty, etc.—departments that are sharing the brunt of the debacle, but which could receive helpful relief with a bit of cooperation.

Now for another suggestion. Solid, I hope. Our auto insurance industry seems to be fully agreed that under 25 drivers are causing a large percentage of losses.

I imagine other agents do as I do when a policy is issued for a 2-C or 2-A driver—we talk to the youngsters like Dutch uncles and find them willing to listen, eager to cooperate, and anxious to maintain a safe-driving record. Then, how do we account for the wide-eyed juveniles traveling our neighborhood streets and state highways with a song in their hearts and sudden murder under their sweating and grimy little paws?

We see them all the time. They're the ones who cut in sharply, leave a curb without caution, ride your tail until you're forced to pull over and let them pass, pass you where there's a double center-marker, take off from a standing start as if they're on a drag strip, slide around corners, make turns and wind up in the opposite



The outgoing president of Michigan Assn. of Insurance Agents with the newly elected officers, from the left: Russell V. Worgess of Battle Creek, the retiring president; Archie E. Barnich of Cheboygan, president; John P. Old Jr., Sault Ste. Marie, treasurer, and William T. Dobson, Ann Arbor, vice-president.

lane. Then of course there are the speeding offenders.

We see them—but they don't receive citations because the police don't see them, and they don't lose driving privileges because their parents don't see them. Naturally, we can't make arrests because we're not policemen, and we don't want to exercise our citizen-arrest privileges because of the complications involved. But we'd love to find a way to tell their parents. We might be branded as squealers, or stool pigeons, but we'd be doing it for the good of the community, for the safety of our lives, and for the reduction or standstill of insurance premiums.

"Whop! Swoosh! Ruffff!"

There's a way to get the word to parents. Let the insurance industry establish an office just for that purpose. You're driving along minding your own business. The speed limit is 35. Whop! Swoosh! Ruffff! Eight to five it's an under-25 driver passing you over a double-line at 50 mph, but don't make book because there won't be any takers. It's obviously a cinch bet.

You jot down his license number, make a note of the location, description of the car, date, time, occupants, etc. The next day you phone the central reporting office and hand in your report. The central office has the connections with the police or state motor vehicle department and they obtain the name of the registered owner and his address. A phone call is made, the parent is contacted, the details are furnished, and the matter is then referred to the first office I suggested—the office that lists poor risks. It does not mean a cancellation, but serves as a warning. The information is passed along to the insuring company who is thus alerted. This can be done. I've tried it in one case and found the parents to be highly cooperative. They were also stunned because their son was an ideal driver in their presence. Aren't they all?

Agents, Insurers Duplicate Work In Their Accounting

An insurance company executive writes:

Up to now I have seen no reference to the expensive and extensive accounting procedures which some agents are setting up in their offices, and in particular I am referring to the expensive business office machines.

Not too long ago I was talking with a prominent local agent about this very subject. He said that yes, each month, he received from his companies machine-made accounts. But he promptly threw them in the wastebasket and sent his own accounts in to the companies. He said it saved him considerable time doing it this way because he was operating with one type of accounting, that which he had in his own office, and didn't find it necessary to hire additional people to reconcile the several different types of accounts sent to him by the 10 companies he places business with.

On the other side of the program I suspect that most company accountants, after they set up their own type of account, feel that that is the answer to all their problems—and perhaps it does answer some of the agents' problems.

Somewhere, I am inclined to believe, agents and companies could find a common ground—not in a hurry of course—if a joint group would study the entire subject. How much easier it would be for an agent to know that he would be receiving the same kind of an agency account from all his home offices. We have had an approach to uniformity in many other areas of the business, and it occurred to me that this is one which may have been neglected. Just where this should start, at the National Board level or the NAIA level or where, I am not sure.

New Handbook Of Iowa Is Published

A new Underwriters Handbook of Iowa has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Iowa handbook may be obtained from the National Underwriter Company at 420 East Fourth street, Cincinnati 2, Ohio. Price \$12.50 each.

Russell Davis Retires After 38 Years With Lumbermens Mutual

Russell Davis, vice-president of Lumbermens Mutual of Mansfield, O., has retired after 38 years with the company. He is being retained as a vice-president and director and is head of the new business development committee, his duties to be largely in the area of new business planning and employee development.

Mr. Davis joined Lumbermens Mutual in 1920 as a sales representative at Columbus. Nine years later, he became manager there, and in 1946 he was transferred to the home office as manager of the lumber division. He was elected a vice-president in 1947 and the following year was promoted to production manager.

In 1955 he became a director.

Mr. Davis was elected a director of National Assn. of Mutual Insurance Agents at the first meeting of that organization in 1932.

Billington Named Head Of Western & Kentucky

Guy Billington, Murray, Ky., local agent, partner in the Murray agency and the Hazel agency, also president in 1955 of Kentucky Assn. of Insurance Agents, has been elected president of Western & Kentucky Ins. Co. of Louisville, a wholly owned subsidiary of Kentucky Industries Trust Co. Certificate was issued by the Kentucky department Sept. 9.

The company will have capital and surplus of \$450,000 and engage in fire and casualty business. Curtis H. Hill, Louisville, is secretary. Mr. Hill will also continue as office manager of American Agency Service, a general agency organization. Western & Kentucky was formed in 1947, and later became inactive, until acquired by Kentucky Industries Trust Co. in 1957.

Wisconsin Buyers Meet

William Carlson, agent specializing in liability insurance, with Henry Golusch & Son of Milwaukee, discussed "The Integration of Liability Coverages" at the dinner meeting of Wisconsin Insurance Buyers at Milwaukee.

Mutual Company Assn. To Hold Annual At Atlantic City, Oct. 6

More than 1,200 delegates are expected at the annual convention of National Assn. of Mutual Insurance Companies at Atlantic City, Oct. 6-8. The meeting will bring together officials of 300 member companies from 40 states.

Theme of the program will be the challenge of changing times. David A. Fogg, secretary of Farmers Mutual Fire, is general convention chairman.

Delegates to the opening general session, Oct. 6, will be welcomed by Commissioner Howell of New Jersey. At the afternoon session, H. W. Yount, executive vice-president Liberty Mutual, will talk on the challenge of nuclear development, and Donald C. Power, president General Telephone Corp., will present a telephone man's view of the future.

The hail conference, one of five conferences in the association, will hear Dr. Robert M. Wald of George Fry & Associates, whose topic will be "Management's Challenge—Developing Future Executives."

Oct. 7 will be devoted to business meetings; Oct. 8, Gov. Meyner will address the general session.

Other mutual insurance organizations meeting at the same time as the national association include Federation of Mutual Fire Insurance Companies, Transportation Insurance Rating Bureau, Advertising-Sales Conference, Mutual Loss Research Bureau, National Federation of Grange Mutual Insurance Companies, and Mutual Insurance Council of Editors.

Among entertainment events planned for delegates and ladies in Atlantic City, is a post convention plane trip to Bermuda.

Auto Rates Up In W. Va.

National Bureau has increased the average statewide rate level for private passenger automobile BI and PDL in West Virginia 10.5%.

In the Charleston, Huntington and Wheeling territories rate revisions ranged from reductions of \$1 and \$2 to increases of \$6 and \$9. In the Clarksburg, Fairmont and Parkersburg territories the rates ranged from reductions of \$10 and \$15 to increases of \$1 and \$2. In Brooke and Hancock counties and those portions of Marshall and Ohio counties adjacent to the Wheeling territory, rate increases range from \$7 to \$15. In the remainder of the state, changes range from \$2 reductions to \$5 and \$8 increases.

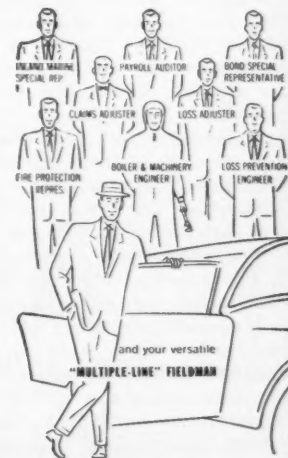
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Editorial Comment

Whose Loss Ratio Is It, Anyway?

A successful local agent who ran into several substantial losses this year, now finds that the company representatives are talking about his loss ratios. In former years, he recalls, the loss ratios belonged to the companies. Now that they are climbing, the agent discovers that these ratios belong to him.

Since this agent operates a successful business, and prides himself on the type of client with whom he does business—they are responsible people who pay their bills and who are above average in prudence—this sudden possession of loss ratios somewhat nettles the agent. But perhaps nothing could prove more conclusively that the agency system operates to a considerable extent on the same basis as a family. Practically everyone who

has enjoyed family life, has had the experience of hearing parents, quite willing to claim a child, a dog, or an automobile, as "mine" when each is performing properly, suddenly giving them to the other spouse when they are not performing properly. At that time, the child, the dog, or the automobile becomes **yours**.

What both agents and companies need to recognize these days is that the loss ratio is **ours**. It belongs to the business as a whole. The agent participates in the results of it, even though his agency may not have contributed much to the ratio; and the company must endure the results of it, even if it comes from an agency which is well operated and does business with clients of above average character.—K. O. F.

Mass Market Is Taught To Help Itself

The stock agency companies stress the personal services of independent agents as a primary selling point in their advertising programs. The Big I campaign of National Assn. of Insurance Agents is wholly devoted to that theme. Practically all merchandisers of other products today are stressing impersonality of service in their advertising to the mass market—because that is the way their products are distributed. True, they are selling tangibles which the customer can pick from a shelf or select from a floor model. The important point is that their advertising conditions the mass market to this type of buying.

The overwhelming mass of advertising in national magazines, on TV, radio and in newspapers deals with orange juice, cereals, appliances, soap products, clothing bought in stores with pipe racks, and a myriad of other products. The reader, in effect, is schooled to help himself or to take his pick and receive his purchase over a counter with a minimum of personal service and a consequent reduction in price. The direct writing insurers' distribution system, and therefore their advertising, largely ties in with this principle. Thus they benefit by the lavish ads of practically all other merchandisers. Their philosophy is the same. They share an overwhelming impact on the reader.

This fact strikes one forcibly when leafing through a national magazine. In stock company ads, and in their own, the independent agent stands out as a lone, rugged individualist offering personal service. One wonders how much this means to a reader who has been conditioned to "come and get it" buying and has been made price conscious, not only by the advertising of direct writing insurers, but by that of many other industries.

Perhaps the very contrast in approach will cause many readers to think about the "quality of service" which independent agents' advertising and that of their companies stresses. The question is, will that thought occur to the mass market reader, and the next question is whether he can be

convinced that he needs that type of service for his personal insurance needs, which are basically simple and packaged. These are interesting speculations. Everyone is entitled to an opinion, but time alone will provide answers. Come to think of it, that's why competitors advertise—to see whose story is accepted. When acceptance comes, it is in terms of sales, not opinions.—J.N.C.

Personals

Francis F. Ludolph, secretary of San Antonio Insurance Exchange, is completing a European tour of the Scandinavian countries, Spain, Portugal and France, with a stopover in Morocco. He is returning on the Queen Mary in time for National Assn. of Insurance Agents' annual meeting at New Orleans Oct. 6-8.

Bernard P. Carter, who for a great many years operated as a general agent out of Richmond, Va., until London Assurance took over the general agency, has been ill at his home in Richmond, 5309 Matooka road, with a kidney infection. He has been ill for about a year, and this was the reason he requested retirement from active duty.

Fred H. Merrill, vice-president of Fireman's Fund, has been elected a director of American Management Assn.

Deaths

JAMES F. BRENNAN, 63, former executive vice-president of Rollins Burdick Hunter Co. at New York City, died in the hospital at East Meadow, L. I. He was a past president of Insurance Brokers Assn. of New York state.

RALPH H. HOWES JR., 44, field man specializing in bonds at the New York office of Standard Accident for 22 years, died there following a short illness. He entered insurance in 1933 with Massachusetts Bonding and

joined Standard Accident in New York a year later. He became assistant to the manager of the bond department in 1941.

JOSEPH F. GOUGH, 78, retired resident secretary of North America at Boston, died while driving to his home in West Roxbury after attending a company meeting at Lynnfield. He was a past president of New England Insurance Exchange.

MARY L. WOODS, 82, president of P. J. Woods agency of Peabody, Mass., died. She had been in the agency business for more than 60 years.

JOHN P. CARROLL, 54, fire underwriter for the past 10 years with Reed & Co., general agents at Denver for Potomac, died. He was formerly a field man for Glens Falls.

C. K. OAKLEY, 55, executive secretary of Maryland Assn. of Insurance Agents, died suddenly of a heart attack at his home near Baltimore. He had been executive secretary of the association for about 10 years. His home was in Baltimore county, about 25 miles from downtown Baltimore, a 180 acre farm in which he took great pride.

WILLIAM H. WILSON, 90, formerly a member of the Robinson, Wilson, Long & Gorin agency of Louisville, died at Norton Memorial Infirmary of Louisville. He had retired four years ago.

ROY S. FAVORS, 65, a partner in the Moore & Favors agency of Earlington, Ky., died at his home after an illness of a year. He was with National Life & Accident for seven years before going into the general insurance business.

WILLIAM G. MULLER, 65, president of the New York brokerage firm of Warren S. Banks Co., died in the hospital at Jamaica, L. I., after a short illness.

HOMER G. VAWTER, 64, local agent at Jeffersonville, Ind., died of a heart attack.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co.
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	Bid	Asked
Aetna Casualty	143	146
Aetna Fire	64½	65½
Aetna Life	192	198
Agricultural	28½	30
American Equitable	32½	34
American (N. J.)	26	27
American Motorists	13½	15
American Surety	15½	16½
Boston	30½	31½
Camden Fire	31½	32½
Continental Casualty	93	95
Crum & Forster com.	62½	64
Federal	50	52
Fireman's Fund	48½	49½
General Reinsurance	58	61
Glens Falls	32½	33½
Globe & Republic	18½	19½
Great American Fire	35½	36½
Hartford Fire	161	164
Hanover Fire	37½	38½
Home (N. Y.)	42	43
Ins. Co. of No. America	105½	107
Maryland Casualty	37½	38½
Mass. Bonding	37½	38½
National Fire	90	93
National Union	35½	36½
New Amsterdam Cas.	44	46
New Hampshire	38½	39½
North River	35½	37
Ohio Casualty	23	25
Phoenix Conn.	65	67
Prov. Wash.	15	16
Reinsurance Corp. of N.Y.	15	16
Reliance	42½	44
St. Paul F. & M.	51½	53
Springfield F. & M.	31	32
Standard Accident	48½	50
Travelers	82	83½
U.S.F. & G.	63	65
U. S. Fire	26½	27½

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EDITORIAL OFFICE

17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080

Executive Editor: Kenneth O. Force.
Associate Editor: John N. Cosgrove.

CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 634

Managing Editor: John C. Burridge.
Assistant Editors: Richard G. Ebel,
William H. Faltysek, William H. Faricy and
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ADVERTISING OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
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420 E. Fourth St., Cincinnati 2, Ohio.
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OFFICERS

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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wiegman and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammett, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 3-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

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Tenn. Agents Set For Annual Rally

The program has been completed for the annual convention of Insurors of Tennessee, Oct. 20-21, at the Claridge Hotel in Memphis.

Speakers at the opening general session Monday morning, Oct. 20, will be Archie M. Slawsby, new president of National Assn. of Insurance Agents, and Charles L. Andrews, sales promotion director of The Nashville Banner and The Nashville Tennessean. The executive session will be held in the afternoon.

The new homeowners policy will be examined at a breakfast meeting, Tuesday. Speaking at the morning general session will be Commissioner Arch E. Northington of Tennessee, president of National Assn. of Insurance Commissioners; Dr. John D. Hughes, president Tennessee State Medical Assn., and Frank E. Kinzer, local agent of Covington, Va.

Following a local board luncheon, the closing general session will be held with Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, as the featured speaker. The banquet speaker will be Donald Henning of Memphis.

Ill. National Honoring 67 Agents On 25th Year

Illinois National of Springfield is honoring 67 agents for representing the company for 25 continuous years. President C. L. Morris is presenting these agencies with a bronze plaque at meetings which began in Galesburg, Ill., Sept. 16. The other meetings are: Springfield, Oct. 2; Mt. Vernon, Nov. 5; Chicago, Oct. 15, all of Illinois and Peru, Ind., on Sept. 24.

Illinois National celebrates its 25th anniversary of the present corporation on Oct. 5. Mr. Morris has been president for four years and most of these agencies were first signed to write business for the company by him during the early 1930s.

Middaugh Back On Stump

Frank R. Middaugh, assistant manager of Ohio Inspection Bureau, will make a series of talks beginning Oct. 6 on recent changes in rates, rules and forms and will offer some comments on the new homeowners' policy.

Mr. Middaugh's schedule calls for a talk Oct. 6 to Insurance Field Club of Ohio at Columbus, Oct. 7 to Ohio Capital Stock Insurance Assn. at Columbus, Oct. 20 to Columbus Insurance Women, and Nov. 10 to Mutual Insurance Club of Columbus.

Compulsory On Conn. Agents' Card

A panel discussion on whether compulsory automobile insurance is inevitable will feature the annual meeting of Connecticut Assn. of Insurance Agents at the Statler-Hilton hotel, Hartford, Oct. 30.

With William N. Woodland, editor of The Standard, as moderator, Arthur C. Conley, general counsel of Insurance Federation of Massachusetts, and Arthur L. Schwab, of Staten Island, state national director of the New York association, will discuss compulsory in their respective states. Frederick J. Griffin of Manchester, immediate past president of New Hampshire association, and Richard E. Smith, executive secretary of Virginia association, will cover mandatory uninsured motorist's coverage in their states.

Robert I. Catlin, former vice-president of Aetna Casualty, and chairman of Connecticut safety commission, will speak on automobile claim costs. George S. Hanson, general counsel and executive secretary of NAIA will report on the activity of his group. George M. Rideout, vice-president of Babson's Reports, will outline the business outlook for 1958-1959. Commissioner Premo will greet the delegates on behalf of the department.

Local Board Secretaries To Meet In La. Oct. 5

Local board secretaries will meet Oct. 5 at New Orleans, the day before the opening session of National Assn. of Insurance Agents, to discuss a four-item agenda. The meeting place is Room 9 of the Jung hotel, and the time is 2 p.m.

Matters to be discussed are: How local associations can assist in tie-in advertising with the national association; methods and procedures for increasing membership; stimulating interest in association activities, and association filing systems.

Hold Mass. Compulsory Rate Increase To 3.2%

Commissioner Humphrey of Massachusetts has indicated a tentative compulsory automobile rate increase of 3.2% for 1959. The companies had asked for 12%, based on an average claim cost increase of 6% every year and on mounting claim frequency.

The commissioner also rejected the companies' request to double the surcharge on class 2 drivers, and their proposal for a profit and contingency factor in the rates.

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Colorado Insurers Completes Program For Annual, Oct. 24-25

The convention of Colorado Insurers, Oct. 24-25, at Hotel Broadmoor, Colorado Springs, will feature talks by Archie M. Slawsby, vice-president of National Assn. of Insurance Agents, and William W. Ellis, field supervisor of Aetna Casualty.

Mr. Ellis' talk, entitled "You Can't Fly with One I," will be given Friday morning, Oct. 24, after a report on the Colorado insurance department by Commissioner Sam N. Beery. Mr. Slawsby will give his talk, "No Ivory Tower This" at the Friday luncheon. Round table discussions on "Is the Continuous Policy the Answer to the Perpetuation of an Agency?" and "Can the Agents and Company Partnership

Be Improved? How?" will be held in the afternoon. Norman Cohn, vice-president, and Charles Lott, director of the association will be co-moderators.

A movie on "Human Relations in Selling" by Guy Sorel will be shown Saturday. A golf tournament will follow and the banquet is scheduled for the evening.

Mace Retires At Los Angeles

Walter S. Mace, superintendent of the fire and marine loss department of Hartford Fire at Los Angeles, has retired. He joined Hartford in 1926. His successor will be Edgar Plischke, who has been a staff adjuster at Los Angeles.

Mr. Mace was with the Chicago Board before going to the Pacific Coast in 1924 to join the Pacific Board.

N.Y. Adjusters Elect Stratton President

New York Assn. of Independent Insurance Adjusters elected Sidney R. Stratton, president of George Reuter & Associates, Syracuse, president, at the annual meeting in New York.

George E. Adams, president of L. C. Dameron, Inc., New York, was elected vice-president, and Donald Campbell, president of Campbell-Hoercher Associates, New York, secretary-treasurer. Toastmaster for the dinner was E. C. Niver, executive vice-president of New York Board and secretary of the association's committee on losses and adjustments.

So. Cal.-Arizona Fire Protection Engineers Meet

The new officers of Southern California-Arizona chapter, Society of Fire Protection Engineers, took over their duties at the opening fall dinner meeting in Los Angeles, Sept. 15. Marshall Somerville of Pacific Indemnity is president; John H. Colton, Pacific Board engineer, 1st vice-president; Orville C. Sherman, Pacific Fire Rating Bureau sprinkler engineer, 2nd vice-president, and Walter C. Jacobson, North American Aviation fire chief, secretary-treasurer, all of Los Angeles.

James J. Duggan, director safety and fire protection Union Carbide Chemicals Co., South Charleston, W. Va., and vice-president Society of Fire Protection Engineers, was the speaker.

Blast Blue Cross Discount

The Orangeburg, S. C., grand jury has recommended that Orangeburg Regional Hospital stop discounting bills paid by Blue Cross and has called for legislative action if the practice continues. A jury committee, which was surprised to learn that Blue Cross received discounts, also urged that they be withdrawn by all hospitals from all insurance organizations on the ground that other patients are forced to make up the difference in costs.

West Wis. A&H Men Elect

Lester E. Danuser, Galesville, has succeeded Stanley Peterson, La Crosse, as president of Western Wisconsin A&H Assn. Other new officers are H. E. Krause, La Crosse, vice-president; Newland Twesme, Ettrick, treasurer, and Viola Stellingweft, La Crosse, secretary.

Moreen Is Aetna V-P; Slimmon To Retire

Aetna Life group has elected Howard A. Moreen vice-president and secretary. James B. Slimmon, senior vice-president and secretary, is retiring after 40 years with the group.

Mr. Moreen joined the company in 1936 and was manager of several group field offices before going to the home office in 1946. He was successively superintendent, assistant secretary, secretary, assistant vice-president and vice-president of the group division. He was named assistant corporate secretary last year. He is a past chairman of health insurance council.

Mr. Slimmon has been corporate secretary for 33 years. He became vice-president in 1938 and attained his present post in 1957. He is a former president and director of Life Office Management Assn.

Central Mutual Names Purmort Special In Ohio

F. W. Purmort Jr. has been named special agent for Central Mutual in north central Ohio. He joined Central Mutual in 1955 and has been in both the multiple peril and inland marine departments. He also managed Central Mutual's Atlanta office for more than a year.

Springfield (Ill.) Agents Elect New Officers

Dwight H. O'Keefe Jr. is the new president of Springfield (Ill.) Assn. of Insurance Agents. Other officers elected are James O. Orr Jr., vice-president, and Richard C. Saner, secretary-treasurer. Named to the executive committee for three year terms were Caspar H. Brown Jr. and Donald R. Patton.

Employers Name Harkins

The Employers' group has appointed Edward J. Harkins superintendent of the northern New Jersey claim department. He has been in that department since 1937, serving as adjuster and supervisor and, for the past several years, as assistant claim superintendent. He succeeds William C. Moran, who has retired.

Gayner To Allstate Research Post

Ralph Gayner has joined Allstate as consumer research manager in the home office market research division. He was formerly administrative assistant for Motorola in Chicago.

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Because of this prompt, efficient service to your assureds, coverage renewal is made much easier . . . and it helps you sell other lines too! Next time you have a glass replacement problem . . . Call American!

Phone MOhawk 4-1100

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When the American Glass Company makes a replacement the Foreman is instructed to make a thorough inspection of other plates not broken, for looseness or other faulty defects, etc., that may cause glass to become cracked. A report is submitted at once.

REPAIRS . . .

If advised by insurance companies, we are pledged to give this added service of tightening loose glass, moldings and other minor repairs. This service insures against future breakage.

RESEARCH . . .

Before a replacement is made, cause of the break, which may be due to action of acids, paint, erosion, etc., is investigated. A detailed report of the case is made and submitted to the insurance company.

SERVICE . . .

Reliable and dependable service, hand-in-hand with speed, have made the American Glass Company the recognized leader in the Midwest plate glass replacement field.



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A&S

Hartford Accident Has New A&S Package Form

Hartford Accident has introduced two new package policies to enable general lines producers to enter the personal A&S field.

The disability form provides income protection. Under its accident coverage, it pays \$50 a week up to two years when insured is unable to perform the duties of his usual occupation, and thereafter provides the same benefits for as long as disability prevents him from working at any occupation. The policy takes effect on the first day of disability, which must be within 30 days of the accident.

Under its sickness benefit, which begins with the eighth day, the policy pays \$50 a week up to two years when insured cannot perform every duty of his usual occupation, and thereafter, up to three years, it pays \$50 a week as long as the disability prevents insured from working at any occupation.

The accident policy provides medical benefits up to \$500 for medical expenses incurred within five years of date of accident. Lump-sum benefits up to \$5,000 are given for specified fractures, dislocations and amputations. For accidental death occurring within 90 days of the mishap, the policy pays \$1,000. The policies are available in all states except California, New York, Illinois and Rhode Island.

Tauster Is Chicago GA For Mutual Benefit H.&A.

Joseph L. Tauster has been appointed general agent in Chicago for Mutual Benefit H.&A.

Previous to this appointment, Mr. Tauster was active in the training program in Colorado, later assuming responsibilities of manager of the commerce and industry divisions for the company.

Mutual Benefit H.&A. Names Three New GAs

Three new general agents have been appointed by Mutual Benefit H.&A.: Joseph C. Odell for the state of Montana, J. L. Saggau at Wichita, Kan., and John Sudbay at Storm Lake, Ia.

Mr. Odell began in insurance with the company in 1953 and was sales supervisor and district manager for the C. C. Elson agency in Des Moines and later a field trainer and unit manager in Indianapolis.

Mr. Saggau was a former district manager at St. Joseph, Mo., for the W. C. Tarpenning agency and before that was a leading sports figure in the midwest. Mr. Sudbay began with the company 10 years ago and has been a unit manager in Cleveland and Muncie, Ind.

Me. Hearing On A&S Ads

Commissioner Mahoney of Maine has called a public hearing at Augusta at 10 a.m., for the purpose of adopting the uniform standards governing advertisements of A&S insurance as promulgated by National Assn. of Insurance Commissioners.

FTC Dismisses Complaints

WASHINGTON—Adopting Examiner Laughlin's initial decisions of last July, Federal Trade Commission has dismissed its complaints of false A&S

advertising against United and Lumbermens Mutual Casualty.

The commission accepted citations of the Supreme Court decision in the National Casualty and American Hospital & Life cases, holding FTC to be without jurisdiction over the practices involved in its complaints.

Pacific CPCUs Told Abuses Arising From Major Medical Coverage

Comprehensive major medical has created serious problems somewhat similar to those faced by automobile liability insurers, Richard H. Biles, group representative of California-Western States Life, told members of Pacific chapter of CPCU at Los Angeles.

Mr. Biles said the reasons for this were that due to the broad benefits, it is practically impossible to control all of the areas in which a claim might arise, and that the coverage has been oversold by both companies and agents and greatly overused by policyholders. Furthermore, because of a lack of understanding and education, most insureds tend to violate the principle of insurance by using the plan to pay for the certain and expected type losses.

He said the solution to the abuses are apparently available. The medical profession, fearful of federal intervention, has shown considerable interest in cooperating with insurers to curb the abuses by a minority of doctors and hospitals. Grievance committees have now been established by various county medical associations to screen excessive charges for medical service. Mr. Biles also noted that a sensible program is being conducted on a national level by all group insurers to develop some national uniformity.

United Of Chicago Plans Stock Dividend, Early '59

J. R. Hogan, president United of Chicago, has been quoted in the Wall Street Journal that the company will "probably" declare a stock dividend early next year. "Our present thinking is in line with a 50% payment," he said. "But there is a possibility we might declare a 100% dividend."

Chicago Claim Assn. To Resume Meetings Oct. 8

Chicago Claim Assn. will resume its meetings Oct. 8 when three members from Continental Assurance will report on the annual convention of International Claim Assn. at White Sulphur Springs.

Howard Westphal will discuss the life aspects of the convention, Elmer Rasmussen individual A&S, and Lester Griffin the group A&S proceedings.

Chicago Claim Assn. meets the second Wednesday of each month at the Midland Hotel.

East Wis. A&H Men Elect

LeRoy Schaezel has been elected president of Eastern Wisconsin Assn. of A&H Underwriters; Hugh Bachhuber, Mayville, vice-president, and Virginia Weigert, secretary-treasurer, at a meeting at Fond du Lac.

Allstate Names Claims Director

Marvin F. Johnson has joined Allstate as claims director for the company's two newest lines, accident, sickness and hospitalization and life insurance. Prior to joining Allstate, Mr. Johnson was with Sun Life of Maryland.

News Of Field Men

Chicago Blue Goose Puddle Embarks On Its First Season

The Chicago puddle of Illinois Blue Goose began its first official season of existence Monday auspiciously with a luncheon attended by more than 50 ganders. The main order of business was the election of a slate of officers headed by Sherman Leseth of Standard Accident, who becomes the big toad succeeding Lester Petterson of Sun.

The Chicago puddle was chartered early this year in an effort to create a center of activity for the large number of ganders in the western department offices in Chicago. Mr. Petterson was the temporary big toad and the croaker has been Clarence Metzner of Western Underwriters Assn.

Other new officers elected Monday are: Polliwog, Edward F. Werner, America Fore Loyalty group; bouncer, Harry A. Olsen, Sun, and croaker, Edward R. Rossi, Boston.

The new big toad said he is optimistic about the prospects of a Chicago puddle. Mr. Leseth is an old hand at Blue Goose activities, having been wielder of the Illinois pond for a number of years until 1946.

The officers were installed by James Streich, St. Paul F.&M., most loyal gander of the Illinois pond, who announced that the pond will have a meeting in Chicago on Oct. 20 at the time of the annual convention of Illinois Assn. of Insurance Agents. It is anticipated that this conjunction of meetings will produce an excellent attendance for the initiation and dinner.

The Chicago puddle, it was announced, will hold a dinner dance Dec. 6.

Chairman of the nominating committee for the puddle was Dale Stentz of Western Adjustment.

75 Attend Fall Meeting Of Kansas Field Club

The fall meeting of Kansas Capital Stock Insurance Assn. at Topeka was attended by 75 members. A report on the work of the catastrophe press committee was presented by C. J. Wintrol, Royal-Globe, chairman. The response from the press was particularly noteworthy in Dodge City, Ulysses, El Dorado and Topeka, he said.

The association voted to set up a special education committee to work with the extension division of the University of Kansas in establishing a two or three day insurance school in Wichita next spring. Faculty for the school will be made up of association members.

Shelby Mutual Names Gibbs

Shelby Mutual has named Brian A. Gibbs field man for southwestern Ohio and northern Kentucky. Mr. Gibbs began in insurance with Western Adjustment as a claim adjuster, a year later going with Buckeye Union in claims work and subsequently entering field work with Meridian Mutual in central Kentucky.

Rook In N.C. Field

American Home has appointed John W. Rook Jr. special agent at Wilson, N. C. He will report to the south Atlantic branch in Durham.

Searles, SA In Kansas Of Crum & Forster For 25 Years, Is Retiring

Howard S. Searles, state agent for Crum & Forster in Kansas for 25 years, is retiring. A dinner in his honor was given in Topeka by friends and associates and among those attending was Commissioner Frank S. Sullivan of Kansas.

Mr. Searles entered the insurance business in 1910 as a clerk for his father, who was state agent for the old Columbia Underwriters. Mr. Searles started his own agency in 1914, and after returning from World War I, he went with National of Hartford. Later he joined Globe & Rutgers and then Crum & Forster.

A past most loyal gander of the Kansas pond of Blue Goose, he was also a past president of Kansas Fire Underwriters Assn. and of Kansas Fire Prevention Assn. He was deputy chief of staff under Gen. J. Lawton Collins in World War II, and retired with the rank of brigadier general.

Aetna Casualty Appoints Bollin In S.C. Field

Aetna Casualty has appointed Alexander W. Bollin special agent in South Carolina to succeed D. Harper Leonard, resigned. Mr. Bollin had been with South Carolina Inspection & Rating Bureau for six years.

St. Paul F.&M. Makes Changes In Field Staff

St. Paul F.&M. has made several changes in its field force. In Florida: Robert P. Mairs, formerly special agent, becomes state agent at Fort Lauderdale; R. W. Barrett, former state agent at Columbia, S. C., has transferred to Jacksonville; A. D. Brown, former state agent, is now state manager at Tampa.

Carl J. Schumacher, former state agent, has been named Louisiana manager at New Orleans. E. B. Sample, state agent for South Carolina, is now state manager with offices in Columbia. H. W. Enger, state agent for South Dakota, becomes state manager at Aberdeen.

Pratt In R.I. And Mass.

Boston has appointed Richard W. Pratt special agent for Rhode Island and southeastern Massachusetts with headquarters at Providence. He joined the company in 1955 as an underwriter-trainee. He was in the home office fidelity and surety department and then became a production underwriter in the New England regional fidelity and surety department where he worked with agents in the bond field.

Cantin With Fla. Agency

Lucian C. Cantin has joined Finley Tucker & Brother, Jacksonville general agency, as special agent at Orlando. He was with General Accident at New Haven for the past several years after prior field experience with National Fire.

John C. Bolen, formerly with U.S.-F.&G. at Jacksonville, has joined the underwriting department of Finley Tucker.

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Bankers F.&M. Names Woodbury President

Marion A. Woodbury has been named president of Bankers F.&M. of Birmingham, succeeding O.Z. Hall, who remains as chairman.



Marion A. Woodbury named executive vice-president last April.

Mr. Woodbury, a brother of Louie E. Woodbury Jr., president of National Assn. of Insurance Agents, was with Chubb & Son prior to joining Bankers as vice-president in 1957. He was vice-president last April.

Arkansas Agents Oppose Commission Reductions

LITTLE ROCK—The executive committee of Arkansas Assn. of Insurance Agents by resolution has officially expressed opposition to unilateral commission reductions by some casualty insurers. At the same time, the governing body of the agents' group suggested that companies consider two other important areas of economy of operation. These were a reduction in expenses controlled by company home offices and a review of agency contracts and compensation in the light of services rendered by the particular agency.

The resolution, which was unanimously adopted, asserts that "the continued trend of economy at the agents' expense, and other influences which tend to weaken the agents' position, are having a damaging effect on the American agency system."

In discussing the resolution, President W. G. Cobb, Little Rock, pointed out that "the matter of an agency contract is not designed to be amended at will by either party concerned without negotiation and consultation with the other party."

Commissions are an integral part of the agency contract," he said, and any change in them should be only after agreement by both parties concerned.

Farm Bureau Mutual Names Three In Field And HO

Richard L. Randall, agency division field manager of Farm Bureau Mutual of Indiana, has been named manager of agency services. He will succeed Raymond E. Beck, who has been raised to general manager of Rural Acceptance Corp.

John J. Wilson will be the new manager of sales personnel for Farm Bureau. He also succeeds to a post formerly held by Mr. Beck. Mr. Wilson is currently regional sales manager at Greencastle, Ind.

J. Jack Johnson & Sons agency of Chicago is moving to 7123 West Higgins road there. New phone is SPing 4-1616. The agency, located in the Insurance Exchange building since its inception will celebrate its seventh anniversary this December.

Outlines Indications Showing Excess Tables Inadequate

(CONTINUED FROM PAGE 2)

own experience, the first method is, in his opinion, by far the better approach. In this method of reinsurance rating, the company knows precisely what it is collecting for the level of cover it is buying from the reinsurer. The insurer also can compare the reinsurance commission received for the cover with its own expense allocation. If the reinsurance experience under its treaty is good, and it can obtain a commission sufficiently high to cover its expense and also provide a profit, the situation from its standpoint is ideal.

Commissions Will Fall Short

Obviously if a weakness in the tables is felt by the reinsurer, the commissions which may be allowed will fall short of that ideal situation. In this case the primary company is financing the reinsurance cover out of its own net retained premium level.

The other method of rating excess of loss covers is more easily applied to companies whose results should be considered in a large degree creditable in at least working levels of the treaty, Mr. Braddock observed. Rates for treaties of this type are set up by the reinsurance underwriter on the assumption that, first, over some rating period, for example three to five years, the first or working level of the cover will be self-sustaining; and secondly, a flat rate is then added to the rate produced by the first level formula to provide coverage for the catastrophic event which few companies can be expected to absorb even over a long period of time since such loss should be spread across the reinsurer's total book of business. Flat rates based on these premises are determined without regard to any relationship they may or may not have to the excess table calculations of the primary company. They may be a fraction or a multiple of what the table would produce for the average exposure being written. It has been General Re's experience that few companies which buy their reinsurance on a flat rate have any idea of the relationship between what they are paying and what they are actually collecting for the exposure.

Knows Tables Are Not Enough

One professional reinsurer expressed the opinion that, based on its results, it is unwilling to write an automobile account on any basis other than a flat rate. The reason? The reinsurer does not believe the table would enable it to collect as much money for the exposure as it is able to produce by formula.

Under certain circumstances there are weaknesses in both these methods as far as the reinsurer is concerned, and, since the fortunes of both are closely tied together, to the primary writer. When in fact the tables evidence weakness under the first method of rating, reinsurance commissions reduce or disappear. It is extremely difficult from a sales standpoint in negotiations to tell a company that is reporting its excess limits writings a \$25,000 retention. The trend of ex-

cess limits exposure may increase during the course of one year to \$80,000 or \$85,000. The flat rate which was established on the lower exposure becomes inadequate on the higher exposure and the reinsurer knows nothing about it until he is engulfed by the resulting adverse experience.

As an illustration of this point, one reinsurer had a profitable and valued customer on its book for 10 years, excess of a basic limit retention. The ac-

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count was written at a flat rate. Without informing the reinsurer, the insurer decided it would increase its basic policy from limits of 5/10/5 to limits of 10/20/5. Up until the time it made this decision, the reinsurer had an underwriting profit for the more than 10 years of coverage of approximately \$500,000. Within a year after the company changed its underwriting program, the reinsurer had lost everything it had made on the account and was in the red nearly \$500,000.

The fact that such a drastic turn-about could occur without any warning to the reinsurer points up the fundamental difference in viewing results which exist between a primary company and the reinsurer, Mr. Braddock commented. For example, the companies which General Re reinsures give it a first report on an accident hitting

the reinsurer's level of cover 10 months after it has occurred. That reserve when reported is only 77% of its ultimate value. Even three months after the close of an accident year the reinsurer has only 63.3% of the ultimate value of its liability loss for the year reported and reserved. That was the situation respecting the 1957 year on April 1, 1958. On the same date the reinsurer had 90.1% of 1956 losses; 96.2% of 1955; 97% of 1954, and 1953 was considered completely reported and developed. It can be seen from those figures why a reinsurance company drags considerably behind a primary company in precise knowledge of its fortunes in the recent past. It also explains why a very different approach must be taken by a reinsurer in establishment of incurred but not reported reserves in its statement.

When claim costs are constantly rising, Mr. Braddock observes, the effect on the reinsurer is again more difficult to handle than it is at the primary level. The business has been faced with an almost constant inflation applying to claim portfolios of all insurance companies engaged in the property and casualty business since the end of World War II.

Cut-Off Point Illustrated

To illustrate just what happens at any given cut-off point, assume a company carries net to its own account \$50,000 and cedes excess above that amount under its treaties. If the claim inflation for a given year is 5%, the primary company absorbs that inflation on all cases which fall within its net retained limit. However, inflation on the reinsured portion of a risk

where the loss is above the retained limit is absorbed completely by the reinsurer and becomes a percentage which is much more difficult to handle due to its inherent leverage effect.

As an example, assume a \$60,000 claim which would be paid \$50,000 by the company and \$10,000 by the reinsurer. Apply 5% inflation. This increases the claim to \$63,000. The primary company still pays its \$50,000. But the reinsurer now pays \$13,000 instead of \$10,000, an increase of 30% instead of the level inflation factor of 5%. Other examples, of course, could be cited where the percentage would be higher or lower depending on how much of the loss penetrated the reinsurance level.

Lever Heavier On Reinsurer

It is at the retained limit that this leverage factor is most apparent and becomes a reinsurance problem, Mr. Braddock said. Yet the same leverage is applying excess of 5/10 for that same primary company, and it is for that reason that in constantly rising inflationary periods the excess limits tables take a severe part of the attrition.

All in the business are aware of dramatic individual claims. The reinsurer is extremely conscious of that element, for, generally speaking, they are the only claims the reinsurer sees, he said. The loss ratio, whatever it now is in the excess limits area, would be much worse if in all cases there was sufficient policy limit to pay the loss, Mr. Braddock believes. There would be a great deal more premium available if all policies were written at a limit level as high as the loss sustained. He does not believe, however, on basis of the hundreds of cases the reinsurer sees, that the two could offset each other.

Mr. Braddock took some very recent cases reported this year from General Re's claim records. He selected them not because they were particularly large but rather to illustrate the common everyday proof of the fact that this point is quite pertinent to the subject, particularly when it is considered that limits are gradually moving upward and as time goes along there will be more limits available for more of the large cases. In each of the following examples the amount of claim is a court verdict:

Fractured back case—policy limit \$15,000—verdict \$31,000.

Automobile products liability—policy limit \$100,000—verdict \$165,000 (non-jury trial).

Head-on collision—policy limit \$20,000—verdict \$49,551.

Six year old girl paraplegic as result of automobile accident—policy limit \$100,000—verdict \$400,000.

School Bus Had \$50,000

While it was not his company's case, he observed that the recent accident in Kentucky where the school bus went off the road into a river, drowning 28 children, involved a policy limit per accident of \$50,000.

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the excess limits tables of today would, Mr. Braddock believes, fall far short of meeting the bill to pay the amount of verdicts in excess of policy limits which are common and everyday occurrences.

As a reinsurer General Re has few statistics which will conclusively demonstrate the adequacy or inadequacy of the excess limits tables, he said. In 1951 when the Texas department called for experience on limits under the excess tables the first report submitted was checked by a committee of company men and in nearly all cases errors were discovered. A second request for information was necessary. Mr. Braddock said that it was his understanding that in order to eliminate errors which had shown up in the first run, most of the Texas companies had to compile the second run manually. Errors fell into these major categories: A company reported losses only within its net retention, multiple person accidents were not drawn together under the same claim, and some companies reported all increases in outstanding reserves as new cases. One large company, in reporting its excess limits to National Bureau, showed 25% of the amount it reported to the reinsurer.

One difficulty probably is lack of coordination on this problem among primary companies, particularly if they are buying their reinsurance on a flat rate, Mr. Braddock believes. They have no particular incentive to compute accurately the excess limits premiums. Reinsurance contracts are usually negotiated with top management of the company. Claims under reinsurance contracts are submitted by the claim department of the company. Quite often statistics are produced by the statistical department independently of either the claim division or top management. The statistician, unless he is also an insurance man, may not catch even apparent errors.

Many Dealt With

Inasmuch as professional reinsurers deal with all kinds of companies and charge for their reinsurance under all conceivable types of rating plans, it is extremely difficult from their statistics to obtain credible statistics, he said. For several years his company annually has run the experience of some 30 companies on which it has available information against the gross excess limit charges of National Bureau. These 30 companies have retentions varying from 5/10 up to \$50,000, and the premiums and losses used are applied to whatever the situation is in each of the companies as far as retention is concerned.

In the following figures, which are accident year figures, the loss ratio for the accident year has been taken off the reinsurer's records as of April 1 following the close of the given year. The developed loss ratio is arrived at by applying to these loss ratios the actual development factors, worked out on the companies contained in the study on a combined basis. The figures:

Accident Year	Initial Loss Ratio	Developed Loss Ratio
1953	34.80%	36.14%
1954	31.51	43.91
1955	35.16	36.14
1956	41.89	63.49
1957	43.38	65.73

Figures Indicate Point

In looking at these figures it should be borne in mind that probably 1953

was the first year following revision of tables in February, 1952, in which the earned premium in the group of companies was at a new rating level. It can readily be seen that if credence is given to the loss ratios of the above examples, it would be extremely difficult for a reinsurer to write a reinsurance contract within the amount of money left from the premium dollar after losses were paid and satisfy the primary company as to ceding commission.

One fact often overlooked which should always be considered in looking at the excess limits area of the rate, Mr. Braddock said, is that two companies must obtain overhead and profit from the excess limits tables in addition to their expenses. It can, of course, be argued that the primary company should not consider applying its level expense charge to the excess limits area. However, the fact remains that current insurance accounting practice does level expense across gross premiums. Assuming that expense ratios excluding allocated claim expense on the automobile losses are 40% and that the permissible loss ratio on primary business is approximately 55%, such a formula would produce a 5% profit for the primary company.

Too Tight A Squeeze

If that same loss ratio is considered as permissible in the excess limits area, he added, it is obvious that a reinsurer cannot be fitted into the 45% of the premium allocated for overhead and profit and permit the primary company to retain enough money to cover its own overhead, forgetting any profit in that area. The permissible loss ratio on excess limits should be as much as 10 points (and due to the possibly catastrophic impact on that portion of the rate should probably be as much as 15 points) less than on the primary level. Therefore, it is not enough to say that the gross loss ratio on automobile insurance is satisfactory, nor can the thesis be supported that inasmuch as loss ratios on the excess limits portion of the premium is no higher than the primary that the table can be assumed to be adequate.

There is no question but that the strong increases in the primary rate level which have been put through in the automobile business during the past year will have a favorable effect on the excess limits loss ratio. Mr. Braddock recognizes that, based on statistics now compiled by primary companies, many primary company men do not consider the excess limits table inadequate.

Something Definitely Wrong

To the professional reinsurer there is something wrong with those figures. Reinsurance results are not good enough in the automobile lines to believe that there is enough money in the present automobile rates to take care of the interests of both the reinsurer and the primary company, Mr. Braddock believes. There is evidence of weakness in the excess limits tables, and the primary companies should be sure they are dealing with reliable statistics so that the matter can be definitely determined. While the professional reinsurers do not have the information necessary to make the kind of studies which must support rate filings, they are willing to assist rating organizations in whatever way they can be used, Mr. Braddock observes.

N. C. Farm Bureau Mutual Appoints Culp And Jones

G. D. Culp has been named manager of North Carolina Farm Bureau Mutual, and John E. Jones, who has been acting as manager and head of sales since the company's organization in 1953, has been appointed sales manager.

Mr. Culp has been chief of the underwriting department of Kentucky Farm Bureau Mutual for several years.

American Independent Re Declares Stock Dividend

American Independent Re of Orlando has declared a stock dividend of 5% payable Oct. 31 to stockholders of record Oct. 15. No fractional shares will be issued but will be sold in one lot at public auction by the First National Bank of Orlando on Oct. 31. Proceeds will be remitted on a pro rata basis to participating stockholders. The company is an affiliate of Walter L. Hays' American Fire & Casualty.

"SAFECO is a Sales Builder, New Business Producer and a Money-Maker all at the same time"

...says W. J. Moyle of Maywood, N.J.



W. J. Moyle, shown here with Mrs. Van Blarcom, of the Maywood Agency, is sold on SAFECO for several very good reasons:

"I doubt if there could be a more desirable sales trend in any agency in the country, and I give SAFECO most of the credit for the upward swing. Once you sell SAFECO, it stays sold. Its low cost, easy payment plan, prompt and fair claims service, encourages even the slow ones to pay on time — all of which reduces our operating expenses. But that's not all — Safeco policyholders are enthusiastic boosters for Safeco and our agency. This opens the door to many new business opportunities, selling other types of policies in the GENERAL.

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Save Your Auto Business with

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HOME OFFICE: SEATTLE 5, WASH

Approve .2% Average WC Rate Hike In Mo.

Superintendent Leggett has approved increases in workmen's compensation rates for Missouri by an average of .2%, applicable to new and renewal policies only.

Individual classification revisions approved are as follows: Manufacturing, up .9%; contracting, up 1.7% and all others, down 1.5%. The proposals presented in a public hearing last August were based upon experience for the years ending Oct. 31, 1955 and 1956, and May 31, 1957.

A new classification has been established for machine operated bowling alleys. For aircraft operation, involving agricultural spraying by air craft, a rate of \$15 per \$100 of payroll has been issued, although Mr. Leggett stated that Missouri statistical data is inconclusive and inadequate for establishing a proper rate.

Carr & Co., Fox & Pier Merge

The New York brokerage firms of Francis C. Carr & Co. and Fox & Pier have been merged. Fox & Pier have moved to the offices of Carr & Co. at 149 Broadway, and the new name is Francis C. Carr Co.-Fox & Pier. George Dwight, former head of the Carr organization, is president; John Copperthwaite, executive vice-president, and Robert Knott, vice-president. The latter two have been chief officers of Fox & Pier.

The new firm assumes the affiliation with W. A. Alexander & Co. that was established earlier this year between Alexander and Fox & Pier. The merged and affiliated organizations will have offices in New York, Chicago, San Francisco and Los Angeles.

James To Head Hartford SW Farm Department

Edward James, special agent in the farm department of Hartford Fire in Kansas, has been transferred to Dallas to take charge of the farm department in the southwestern department.

Goetz Named President Of Griffiths, Tate

Howard A. Goetz, vice-president at Chicago for A. E. Strudwick Co. reinsurance brokers with headquarters at Minneapolis, has been named president of Griffiths, Tate, Ltd., reinsurance and surplus lines brokers at Chicago. Mr. Goetz, who has had 17 years' experience in primary insurance and reinsurance, for many years was reinsurance manager for Griffiths, Tate until going with Strudwick in 1956. Before that he was with Continental Casualty and Reinsurance Agency, Inc.



Howard A. Goetz

Miss. Filings Clarified

New York Lloyds' request that the Mississippi department reconsider a proposed deductible fire program, previously rejected, and its filing for credits on superior or improved risks, were erroneously attributed to London Lloyds in a recent issue of THE NATIONAL UNDERWRITER. Both were approved.

Explains Labor-Proposed Changes In Mo. WC Laws

Proposals by labor for changes in workmen's compensation laws in Missouri were explained by Seldon E. Brown at a luncheon of St. Louis Self-Insurer's Conference of Associated Industries of Missouri.

Mr. Brown, who is head of the insurance department of Associated Industries, appeared at the luncheon not only to discuss the proposals which have been submitted to the Advisory Committee on Workmen's Compensation but also to sound out members of the St. Louis organization.

Discuss Technical Phases Of Fire Protection

Technical phases of fire protection were discussed at a five-day gathering of some 60 engineers of Western Actuarial Bureau held in St. Louis. Sessions were informal with apparently no set speeches, and those attending related their experiences on the subjects being discussed.

Plan L.A. CPCU Conferment

More than 600 are expected to attend the all-industry luncheon of the Pacific CPCU chapter Oct. 21 at Los Angeles. Fifteen designees will receive their CPCU buttons. Principal address will be given by Dr. E. W. Patterson of Columbia University's school of law, who will discuss the possibilities of federal supervision of insurance.

Nationwide W. Va. Rates Up

Nationwide increased private passenger BI and PDL rates in West Virginia by an average of 9.9%. Rates went up 19.6% in Boone county. In the rest of the state, increases on preferred classes ranged from 10.8% to 11.2%, except for Charleston and Huntington where rates rose 5.4% and 5.5% respectively. Average PHD rates were unchanged, with slight increases for more expensive cars and decrease for lower priced cars.

CPCU Panel At Cincinnati

Cincinnati chapter of CPCU staged a panel on the comprehensive general liability policy for members and guests of Cincinnati Underwriters Assn. Moderator was J. R. Trainer. K. I. Watson, Ohio Casualty, explained the premises and operations features of the CGL. Elevator and independent contractors coverages were handled by Stewart Proctor and product liability by Hillard Weinberg. The contractual liability situation was discussed by N. S. Tiffany and general conditions of the policy by C. M. Yelton.

Preferred of Grand Rapids has moved its Flint service office into larger quarters in the Flint Arcade building, 1200 North Saginaw street.

District of Columbia insurance department has moved from the District Building to larger quarters in the Associations Building, 1145 19th street, Washington.

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3 Remington Rand Conve-filers for 35 cards. 500 Remington Rand Flexifiles, size 8 1/2 x 11.

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Bureau And NAUA Reduce Ia. Auto Rates

National Bureau has reduced liability rates on private passenger cars an average of approximately 9% in Iowa. Commercial car rates are decreased 8%, and garage risk rates for those buying broad coverage went down 4%.

National Automobile Underwriters Assn. reduced private passenger car comprehensive and collision rates by 8.5%. PHD rates on commercial cars and fleets rose slightly.

All changes are effective Oct. 1.

Clarify Inland Marine Commission Reductions

In a report in a recent issue on the remarks of Craig Thorn Jr. of Hudson, past president of New York Assn. of Insurance Agents, who spoke at the annual meeting of the New Hampshire association, reference was erroneously made to commission cuts by Inland Marine Insurance Bureau. The action mentioned was taken by individual companies.

Organize Pa. Insurer

Palmyra General has been licensed at Palmyra, Pa., to write auto PHD lines on a retrospective or modified retrospective commission basis for its agents. It is also licensed for inland marine and will write at manual rates. The company has capital of \$100,000 and surplus of \$150,000. It has sold 10,000 shares of \$10 par value stock at \$25 per share.

Officers are D. J. Grace, president; D. J. Grace Jr., treasurer, and Richard E. Moore, secretary. All are associated with D. J. Grace general agency of Palmyra, Lawn Mutual, and Tri-State Mutual. The general agency is handling office details of the new insurer for a 5 1/2% premium.

New Mass. Auto Limit Rule

Massachusetts Automobile Rating & Accident Prevention Bureau has revised the automobile increased limits rule. Its filing with the state department permits risks with increased limits premiums of \$2,500 or more for BI limits exceeding \$300,000 per person and per accident to be individually rated. Minimum premiums were formerly set by factors in the standard table, but may now be lower.

The move is expected to aid licensed insurers to meet competition of London Lloyds.

Reed In New Post At K. C.

KANSAS CITY—Harry T. Reed, the past five years with Riverside and most recently resident vice-president for Kansas and Missouri, has resigned to become branch manager of the central west branch office of Union Automobile Indemnity here. A veteran with 33 years' experience, he started with Pearl as an underwriter in New York.

Howard Roodvoets has become the owner of the DesJardins agency of Lapeer, Mich. N. T. DesJardins, who has been in insurance for 35 years, will continue with the agency in an advisory capacity. Mr. Roodvoets has been in the business since 1949 as an agent and field man. He joined the DesJardins agency three years ago after having been in the Michigan field with Hawkeye-Security.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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Information Essential To Underwriting— But Before The Loss

(CONTINUED FROM PAGE 1)

much of what he was responsible for failed to meet the standards of the assuming insurer. He said that at no time in the years that he had been giving the ceding company the business had anyone, field man, underwriter, or executive, indicated to him that any piece of business that he was placing was not of quite highly satisfactory quality. How, he asked, was he to know?

Another situation of a similar kind involved what seemed to be good business. Here the insurer which was assuming the business canceled 10% of the portfolio and reduced its losses 90%. Here it was a case of maintenance losses, cigarette burns, etc. Underwriters say that when insured begin to put through losses of this nature, they will continue to do it.

Happens In Casualty Lines, Too

Failure of the insurer to get proper information shows up frequently and in almost startling fashion. Here was a workmen's compensation risk classified as a photography shop. It was written at that rate. When claims came in for the death of three photographers, the insurance company made an investigation. It found that the photography shop involved aerial photography also. In another instance a risk described as a carpentry shop and rated as such produced in the space of only a few days two claims for loss of fingers. The insurer then made an investigation and learned that the carpentry shop was relatively operated to considerable extent as a saw mill.

Or, take a few (there are hundreds flying around these days) reports of specific situations involved in a shifting of business from one insurer to another:

"The X Agency has been a consistent loser. The credit report indicates a rather unstable situation. There is extremely low insurance on low cost dwellings, some of them shells recently constructed in outlying areas in this city. Most are heated by space heaters or worse, and would produce heavy losses in a windstorm. Many of the properties are located in old, declining areas which will soon be slums. These classes constitute the majority of the business of this agency."

"Majority" Of Business Bad

Or, take another agency: "The agency volume constitutes to a considerable extent many small, cheap dwellings. This is primarily a real estate office which pays little attention to the insurance business and only takes what they are able to write in connection with their sale of the property. When some of these risks are canceled, they put them in another insurer which charges three times the regular rate."

Another agency is described as a real estate office with an insurance tie-in.

In another instance an insurer rejected automobile insurance on two students. When full information came in from the agency, the two students turned out to be a married seminarian with two children and a married man who was just finishing medical school.

No One Unit Responsible

Poor and scanty information runs through all of these underwriting situations like a consistent thread. No

Doctrine Of Privity Of Contract Rejected

(CONTINUED FROM PAGE 4)

the salmon not only for himself, but also for the whole household. Thus there was implied warranty for all members of the household. The third member of the court, Judge Steuer, dissented vigorously. In considering the appeal, Judge Hofstadter, had requested a copy of Judge Starke's decision in the Parish case, for study.

To Be Appealed Further

William F. McNulty, New York attorney, who represented Lorenz on behalf of Employers Mutual of Wausau, both before the appellate term and in the lower court action before Judge Gans, will appeal the decision. It is Mr. McNulty's contention that if a change in the law is needed it should be made by the highest judicial tribunal of the state, if not by the legislature itself, but certainly not by a lower court.

In the original Greenberg action, the complaint contained two causes of action; the first by the child to recover damages for her alleged injuries, and the second by her father to recover the medical expenses and alleged loss of services which resulted from the child's injuries. The defendants moved for a dismissal on the ground that there was no privity of contract between the infant plaintiff and themselves, and hence no implied warranty.

Judge Gans of the lower court decided that in selling the salmon to Mr. Greenberg there was an implied warranty that it was fit for human consumption, and that the warranty extended to the benefit of the daughter. He awarded \$1,000 in damages to her and \$150 to the father and expressed the opinion that the trend has been away from the Chysky case.

Appealed On Three Points

Although the Lorenz store originally served a third-party complaint on Bernice Foods, the canners of the sal-

mon, for judgment in the event that the store was charged with liability to the Greenbergs, that complaint was withdrawn prior to the trial.

Mr. McNulty based his appeal to the appellate term on three points. The first was that the principle of nonexistence of warranty in the absence of privity between the seller and the person injured has been firmly established by numerous previous cases, beginning with Chysky vs Drake Brothers. In arguing this point, Mr. McNulty discussed 10 of the more important cases, including Redmond vs Borden's Farm Products, in which the plaintiff, an infant, was injured by a piece of glass contained in a bottle of milk. The complaint was ruled out because the mother, not the child, was the purchaser of the milk. In Ryan vs Progressive Grocery Stores, and Hopkins vs Amtorg Trading Corp. it was established that if the plaintiff was not the physical purchaser, he could collect damages only if the person who made the purchase acted as his agent, thus making the plaintiff the in effect legal purchaser.

No Trend In Legislation

Mr. McNulty's second point was that during the past two decades numerous proposals have been made to the legislature of New York to extend, in food cases, the implied warranty of fitness for use to persons other than the purchaser, but none has been successful. This, he pointed out, is certainly not indicative of any "trend," at least not in the legislature, to abandon the well-settled privity rule in New York. Of the 12 such bills proposed, all but one died in committee and that one, after the third reading before the assembly, was returned.

The third point of the appeal involved Judge Gan's interpretation of the court of appeals decision in the Blessington vs McCrory Stores case. In relation to this he had stated that the court in passing on an issue involving similar family status extended the implied agency theory to a child where the purchase was made by a parent. No such issue was before the court, noted Mr. McNulty, who was one of the counsel in the Blessington case.

It is expected that Mr. McNulty's appeal to the appellate division will follow these same lines.

PHD Rates Down In N.Y.

National Automobile Underwriters Assn. has reduced PHD rates an average of approximately 1% in New York, effective Oct. 1. The new rates reflect a change in the rating formula to include a larger allocation for loss payments.

Private passenger collision rates were reduced up to 6% in metropolitan New York and in adjacent Long Island counties and Staten Island, but were unchanged in most of the state. Full coverage comprehensive rates were nominally increased in a few areas, but were unchanged or reduced in many more. The \$50 deductible comprehensive rate was unaffected statewide. A 20% discount on commercial cars operating within a 50 mile radius were reduced for comprehensive, fire, theft and collision.

John M. Pick has been appointed casualty manager of West Bend Mutual. He has been claim manager at Omaha of Employers Mutual Liability.

Pacific Fire Bureau Trims EC, Broad And Special Forms

(CONTINUED FROM PAGE 1)

breakage losses purportedly caused by rocks or other objects thrown up by automobile tires, etc. In at least one case, the difference was substantial—a fire hydrant poured tons of water into a nearby building after having been struck by a vehicle.

In California, the dwelling buildings and contents broad form has included as an insured peril, accidental admission of rain, snow, sand or dust to the interior of the building through defective roofs, leaders or spouting or through open or defective doors, windows, skylights, transoms or ventilators. This is now eliminated.

(It is interesting to recall that this peril was reportedly responsible for delaying countrywide adoption of the broad form for perhaps a year. The so-called "California broad form," the forerunner of the present dwelling buildings and contents broad form, had caught the eye of insurance men throughout the nation. Insurance Executives Assn., which became two organizations, the present American Insurance Assn. and Inter-Regional Insurance Conference, was said to favor the idea generally but not coverage of this peril. Ultimately, the dwelling buildings and contents broad form came out under the aegis of IRIC, without this feature, except in California.)

Other changes in EC and in the broad and special dwelling forms parallel those being made in other parts of the country, mostly under the advice of IRIC. Additional extended coverage is dropped, having fallen pretty much into disuse. The explosion provisions of EC now limit boiler and machinery exclusion, as in other parts of the country, to boilers, piping, etc., owned by, leased by or actually operated under the control of the insured. Previously, the exclusion had applied to boilers, etc., on the premises, occasionally penalizing the tenant who had no control over the installation.

The private structures feature has been changed from an extension to an additional amount of insurance. Landslide has been dropped from the broad form and newly excluded from the special form.

Dorsett To Be Toastmaster At Brokers Assn. Dinner

J. Dewey Dorsett, general manager of Assn. of Casualty & Surety Companies, will be toastmaster at the General Insurance Brokers Assn.'s annual dinner Oct. 29, at the Waldorf Astoria, New York.

New Personal Accident Book Out

A new booklet on comprehensive personal accident insurance has been issued by Leo B. Menner & Co., Lloyds representatives, Chicago. Covering both individual and group, the booklet provides a detailed analysis of coverages, rates and illustrations. A special insert highlights sales features, as an aid to producers in introducing the coverage. It is the second of a series of booklets to be published by the company on special Lloyds coverages.

St. Paul F.&M. has been entered in Brazil. It is a member of American Foreign Insurance Association and in Brazil joins Home and Great American as AFIA members in that country.



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Writes On Getting A Signed Application

Edward Donaldson, Indianapolis local agent, writes about the editorial in the Aug. 25 issue in which it was suggested that agents are more receptive to the idea of signed applications for auto business:

It is peculiar that I want applications fully completed when they are submitted to me, but I don't do a good job of it when I am myself dealing with a client. I wonder if most of us don't feel we know the applicant and have made up our mind about his acceptability, and think that should be enough. We forget that all the home office underwriters can know of the risk is "what he sees in the papers," that he must try to make some money for the company if he himself is to continue enjoying an acceptable living and that there isn't time to submit each case to the crystal ball test.

N.H. Agents Elect

New Hampshire Assn. of Insurance Agents elected Eugene P. Soles of Portsmouth president at the annual meeting at Twin Mountain. He succeeds Frederick J. Griffin of Manchester, who is now chairman of the executive committee.

Charles E. Bilodeau of Berlin and Edward Cavaney of Hanover were elected vice-presidents. Frank Butterworth of Portsmouth and Richard French of Lancaster were named to the executive committee. Edward G. Robinson of Concord was reelected state national director.

T. Winston Keating of Claremont, John W. DeMeritt of Exeter and Frederic L. Burns of Manchester received citations for effective work on the new standard fire policy. Henry M. Weston and James F. Mackintosh, both of Claremont, were honored for their efforts on farm rates.

Ga. Agent Groups Elect

J. T. Kelley of Macon has been appointed to the executive committee of Georgia Assn. of Insurance Agents to serve the one year unexpired term of G. H. Wilson, also of Macon, who resigned.

George M. Erwin was elected president of Atlanta association. Raymond Turpin was named vice-president, and Gerry R. Holden Jr. secretary-treasurer.

Columbus association elected William D. Mills president, Donald W. Anderson vice-president, and R. Monroe Wall secretary-treasurer.

Phoenix Transfers Manter

Phoenix of Hartford has transferred John R. Manter, special agent, to Boston. He joined Phoenix in 1954 in the home office training program and has been special agent at Buffalo since 1956.

Aetna WC Cases Aided By Humane, Local Plan

Aetna Casualty has a new type of rehabilitation program which emphasizes the psychological recovery of disabled workmen by keeping them close to home. In an effort to provide the best facilities for workmen's compensation claimants, company specialists inspected rehabilitation centers in every section of the country and recommended 170 in 36 states and District of Columbia.

Through this network, disabled claimants maintain relations with their families and continue under general supervision of their own attending physician. This accelerates emotional recovery from serious accidents. In addition, the centers, which are affiliated with prominent medical organizations, hospitals and medical schools, have the finest medical staffs and provide the best rehabilitation services in the country.

400 Now Being Treated

About 400 Aetna Casualty claimants are presently being treated in the company network with marked success. Four spinal cord patients, believed to be permanently and totally disabled, have returned to full employment in the past year. Two young men with both arms amputated are working full time after training in the use of artificial appliances. Other less spectacular cases have been saved from invalidism and returned to useful lives.

In addition to saving injured workers, this type of rehabilitation aids employers by restoring the services of trained personnel, by boosting employee morale and by reducing insurance costs under retrospective rating plans.

Trenholm State Agent In Minn. Of National Union

Henry A. Trenholm has been appointed state agent in Minnesota for National Union, succeeding Clyde Buskin who has resigned.

Mr. Trenholm's insurance experience dates back to 1931 when he joined American. He started in the fire underwriting department and later was in the field as a special agent, a field supervisor in charge of several states, and more recently has been located in Minneapolis.

Named Assistant Comptrollers

Edward J. Doerhoefer and Ronald F. McDonald have been named assistant comptrollers of Continental Casualty. Mr. Doerhoefer is responsible for branch accounting in the home office and for recruiting and training programs for the comptroller's area. He joined Continental in 1958. Mr. McDonald was placed in charge of all service areas at the home office. He went with the company in 1951. He is a member of the Illinois bar.

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Court Sees Two Losses: Company Saw One

The appellate division of New York supreme court awarded a judgment to a subway contractor who sued Indemnity of North America for recovery of damages he paid after he constructed separate temporary walls which collapsed, permitting water to flood the sub-basements of two buildings. The court held that there were two separate accidents, and the comprehensive general liability policy limitation of \$100,000 applicable to aggregate operations was the measure of the insurer's liability. The case is reported in 9 CCH (Fire & Casualty) 644.

Arthur A. Johnson Corp. was engaged to extend the platforms of the 23rd street subway station of the Lexington-Fourth avenue line of the New York City system. Under a contract with the city, the firm had agreed to assume all liability to the owners, tenants and occupants of adjacent, abutting and overhead structures, for personal injury and property damage caused by the work of construction. The liability of the contractors was expressly declared to be absolute and not dependent upon negligence.

Contractual Liability Included

The contractor bought a conventional comprehensive general liability policy from Indemnity of North America to indemnify him for damages he might become obligated to pay for liability imposed by law. For an additional premium, an endorsement was attached, under which the company agreed to indemnify insured for all liability which the latter assumed under the construction contract. The policy specified that the limits of liability for property damage were \$50,000 for each accident and \$100,000 for aggregate operations. This clause became the crux of controversy.

In carrying out the contract, Johnson Corp. dug a continuous trench to sub-basement depth along the west side of Fourth avenue, between 22nd and 23rd streets, parallel and immediately adjacent to the building line. Two buildings occupied this block front—300 and 304 Fourth avenue. Though adjoining, they were entirely separate in every respect. In digging the trench, the contractors had to remove vaults under the sidewalk in front of each building. They constructed separate and temporary cinder block walls, six inches thick, at the sub-basement level in six sections to close off the front of both buildings between their foundation piers.

Shortly afterward, New York City

had a rainfall of record intensity. Sewers overflowed, and the trench filled with water. This caused pressure against the temporary walls, and one of the six sections in front of No. 300 collapsed. Water rushed into the sub-basement and damaged the building as well as the property of the owner and tenants. About 50 minutes later, the wall in front of No. 304 collapsed with the same results.

Owners and tenants of both buildings made claims against the contractor for damages. The insurer refused to indemnify for amounts paid in settlement of these claims in excess of \$50,000, contending that there had been only one accident, and relying upon the policy limitation of that amount for each accident. The contractor then sued the insurer for an additional \$19,939 within the over-all policy limitation of \$100,000 for aggregate operations.

Created Separate Liabilities

The court held that the contractor's acts in digging the trench, opening vaults and constructing temporary walls created distinctly separate liabilities as to each building, once natural forces worked on the weakened barriers to cause damage.

Under this view, the court said, it would make no difference if the walls had collapsed simultaneously or 50 minutes apart, for there were two accidents just as surely as if a single rainstorm had caused the collapse of temporary walls in buildings several blocks apart. A different result would ensue, the court observed, if a single blow of a pickaxe by an employee of the contractor had destroyed a water main, resulting in the inundation of the lobbies of both buildings. In such a case, there would have been but one accident and one operation under the policy.

In construing the liability limitations of a policy, the court said, the number of accidents may be expressed as the number of operative events covered, which give rise to a series of damaging impacts, either simultaneously or causally connected. In this case, the acts of Johnson Corp. were divisible, and each resulted in a separate impact. Hence there was more than one accident. Accordingly, the court found the limitation of \$50,000 not applicable and ordered a judgment of \$19,939 with interest and without costs in favor of the contractor.

Franklin Nevius and Thomas B. Treacy of Nevius, Jarvis & Pilz appeared for Johnson Corp., and George A. Garvey of Garvey & Conway for the insurer.

Donaldson Elected V-P Of General Security

General Security is transferring Thomas N. Donaldson, Pacific Coast manager in San Francisco to the head office in New York to become a vice-president and to assist in supervision of affairs nationwide and in Canada, where the company has active reinsurance connections. He has been coast manager for three years.

Continuation of General Security's affairs on the coast will be handled by Otis Clark & Co., a San Francisco reinsurance office. Otis Clark previously managed the affairs of General Security in western states prior to the company's opening a branch there in 1949.

Thomas Retires In Pa.

Howard C. Thomas, special agent for Royal-Globe in Philadelphia 23 years, has retired. Before joining Royal-Globe he was executive secretary of North Philadelphia Realty Board 10 years.

Horace C. Wiedenmann, state agent, will temporarily replace Mr. Thomas.

Reckling Joins Staff Of Weekly Underwriter

Clifford Reckling has been appointed assistant secretary of Underwriter Printing & Publishing Co., publishers of Weekly Underwriter. He will handle advertising and sales.

He was with National Assn. of Insurance Agents for six years as assistant director of public relations and advertising manager of American Agency Bulletin. Later he was vice-president of J. J. Coppo Co., New York advertising agency, where he produced a national client magazine. He also wrote and supervised copy, agency presentations and advertising programs.

Ala., Conn. OL&T Rates Up

Mutual Insurance Rating Bureau has revised BI rates on OL&T for certain area and frontage classifications in Alabama and Connecticut. The statewide rate level changes result in increases of 20.5% in Alabama and 19.1% in Connecticut.



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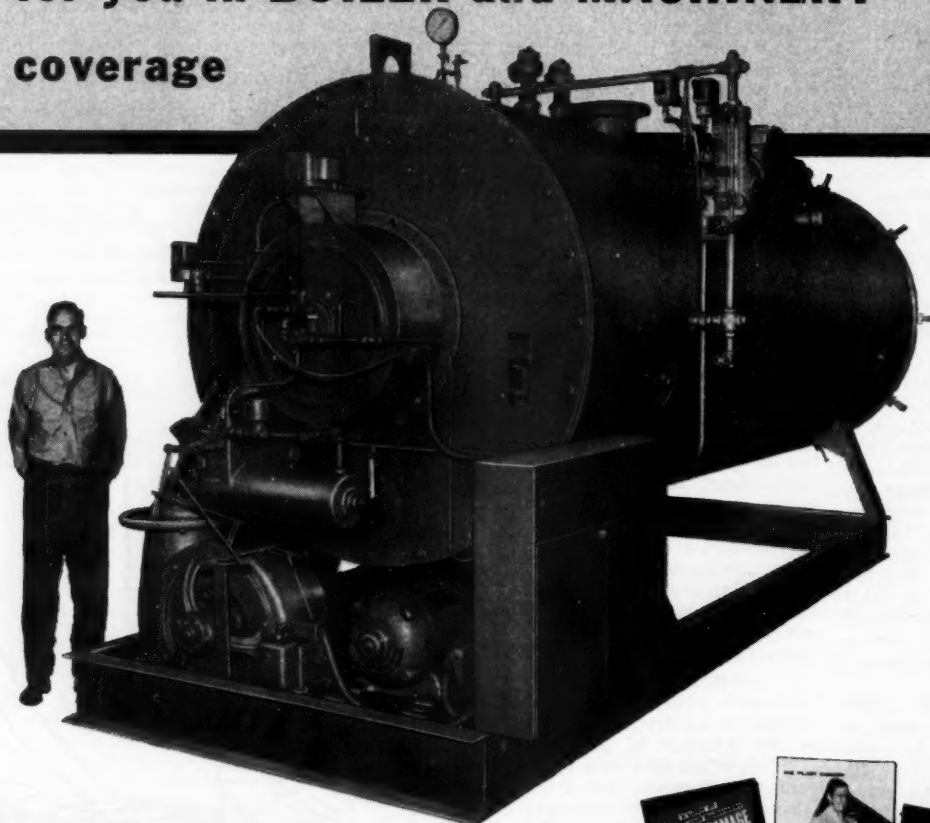
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